

1 ***-1917/P8.24*** **SECTION 1749.** 71.07 (6) (am) 2. c. of the statutes is amended
2 to read:

3 71.07 (6) (am) 2. c. For taxable years beginning after December 31, 1999, and
4 before January 1, 2001, 2.75% of the earned income of the spouse with the lower
5 earned income, but not more than ~~\$385~~ \$440.

6 ***-1917/P8.25*** **SECTION 1750.** 71.07 (6) (am) 2. d. of the statutes is amended
7 to read:

8 71.07 (6) (am) 2. d. For taxable years beginning after December 31, 2000, 3%
9 of the earned income of the spouse with the lower earned income, but not more than
10 ~~\$420~~ \$480.

11 ***-1917/P8.26*** **SECTION 1751.** 71.07 (8) (d) of the statutes is created to read:

12 71.07 (8) (d) No new claim may be filed under this subsection for a taxable year
13 that begins after December 31, 1999.

14 ***-1917/P8.27*** **SECTION 1752.** 71.07 (9) (g) of the statutes is created to read:

15 71.07 (9) (g) No new claim may be filed under this subsection for a taxable year
16 that begins after December 31, 1999.

17 ***-1611/4.13*** **SECTION 1753.** 71.07 (9e) (af) (intro.) of the statutes is amended
18 to read:

19 71.07 (9e) (af) (intro.) For taxable years beginning after December 31, 1995,
20 and subject to par. (afm), any natural person may credit against the tax imposed
21 under s. 71.02 an amount equal to one of the following percentages of the federal
22 basic earned income credit for which the person is eligible for the taxable year under
23 section 32 (b) (1) (A) to (C) of the internal revenue code:

24 ***-1611/4.14*** **SECTION 1754.** 71.07 (9e) (afm) of the statutes is created to read:

1 71.07 (9e) (afm) If a natural person who is otherwise eligible for the credit
2 under this subsection is also participating in Wisconsin works under s. 49.147 (4) (c),
3 the credit that such a natural person may claim under par. (af) shall be calculated
4 as if the calculation of the person's federal basic earned income credit described in
5 par. (af) did not include wages that the person received from a wage-paying
6 community service job under s. 49.147 (4) (c).

7 ***-1785/P3.6*** SECTION 1755. 71.10 (4) (i) of the statutes is amended to read:

8 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
9 preservation credit and farmland preservation acreage credit under subch. IX,
10 homestead credit under subch. VIII, farmland tax relief credit under s. 71.07 (3m),
11 farmers' drought property tax credit under s. 71.07 (2fd), earned income tax credit
12 under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under
13 subch. X.

14 ***-1917/P8.28*** SECTION 1756. 71.125 of the statutes is amended to read:

15 **71.125 Imposition of tax.** (1) Except as provided in sub. (2), the tax imposed
16 by this chapter on individuals and the rates under s. 71.06 (1), (1m), (1n), (1p) and
17 (2) shall apply to the Wisconsin taxable income of estates or trusts, except nuclear
18 decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

19 (2) Each electing small business trust, as defined in section 1361 (e) (1) of the
20 Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1) ~~or under~~
21 ~~s. 71.06, (1m), (1n) or (1p)~~, whichever taxable year is applicable, on its income as
22 computed under section 641 of the Internal Revenue Code, as modified by s. 71.05
23 (6) to (12), (19) and (20).

24 ***-1917/P8.29*** SECTION 1757. 71.17 (6) of the statutes is amended to read:

1 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under
2 section 685 of the Internal Revenue Code for federal income tax purposes, that
3 election applies for purposes of this chapter and each trust shall compute its own tax
4 and shall apply the rates under s. 71.06 (1) ~~and, (1m), (1n) or (1p).~~

5 *~~1749/1.1~~* SECTION 1758. 71.23 (3) (d) of the statutes is created to read:

6 71.23 (3) (d) The storage for any length of time in this state in or on property
7 owned by a person other than the foreign corporation of its tangible personal
8 property and the transfer of possession to another person in this state when the
9 tangible personal property is for fabricating, processing, manufacturing or printing
10 by that other person in this state.

11 *~~1689/3.1~~* SECTION 1759. 71.25 (5) (a) (intro.) of the statutes is amended to
12 read:

13 71.25 (5) (a) *Apportionable income.* (intro.) Except as provided in sub. (6),
14 corporations engaged in business both within and without this state are subject to
15 apportionment. Income, gain or loss from the sources listed in this paragraph is
16 presumed apportionable. Apportionable income includes all income or loss of
17 corporations, other than nonapportionable income as specified in par. (b), including,
18 but not limited to, income, gain or loss from the following sources:

19 *~~1689/3.2~~* SECTION 1760. 71.25 (5) (a) 9. of the statutes is amended to read:

20 71.25 (5) (a) 9. Interest and dividends ~~if the operations of the payer are unitary~~
21 ~~with those of the payee, or if these operations are not unitary but the investment~~
22 ~~activity from which that income is derived is an integral part of a unitary business~~
23 ~~and the payer and payee are neither affiliates nor related as parent company and~~
24 ~~subsidiary. In this subdivision, "investment activity" includes decision making~~
25 ~~relating to the purchase and sale of stocks and other securities, investing surplus~~

1 ~~funds and the management and record keeping associated with corporate~~
2 ~~investments, not including activities of a broker or other agent in maintaining an~~
3 ~~investment portfolio.~~

4 ***-1689/3.3* SECTION 1761.** 71.25 (5) (a) 10. of the statutes is amended to read:

5 71.25 (5) (a) 10. Sale of intangible assets ~~if the operations of the company in~~
6 ~~which the investment was made were unitary with those of the investing company,~~
7 ~~or if those operations were not unitary but the investment activity from which that~~
8 ~~gain or loss was derived is an integral part of a unitary business and the companies~~
9 ~~were neither affiliates nor related as parent company and subsidiary. In this~~
10 ~~subdivision, "investment activity" has the meaning given under subd. 9.~~

11 ***-1689/3.4* SECTION 1762.** 71.25 (5) (b) 1. of the statutes is renumbered 71.25

12 (5) (b).

13 ***-1689/3.5* SECTION 1763.** 71.25 (5) (b) 2. of the statutes is repealed.

14 ***-1837/3.9* SECTION 1764.** 71.25 (5) (b) 2. of the statutes is repealed.

15 ***-1837/3.10* SECTION 1765.** 71.25 (6) of the statutes is amended to read:

16 71.25 (6) ALLOCATION AND SEPARATE ACCOUNTING AND APPORTIONMENT FORMULA.
17 Corporations engaged in business within and without the state shall be taxed only
18 on such income as is derived from business transacted and property located within
19 the state. The amount of such income attributable to Wisconsin may be determined
20 by an allocation and separate accounting thereof, when the business of such
21 corporation within the state is not an integral part of a unitary business, but the
22 department of revenue may permit an allocation and separate accounting in any case
23 in which it is satisfied that the use of such method will properly reflect the income
24 taxable by this state. In all cases in which allocation and separate accounting is not
25 permissible, the determination shall be made in the following manner: for all

1 businesses except financial organizations, public utilities, railroads, sleeping car
2 companies, car line companies and corporations or associations that are subject to
3 a tax on unrelated business income under s. 71.26 (1) (a) there shall first be deducted
4 from the total net income of the taxpayer the part thereof (less related expenses, if
5 any) that follows the situs of the property or the residence of the recipient. ~~The~~ For
6 taxable years ending on or before December 31, 1999, the remaining net income shall
7 be apportioned to ~~Wisconsin~~ this state by use of an apportionment fraction composed
8 of a sales factor under sub. (9) representing 50% of the fraction, a property factor
9 under sub. (7) representing 25% of the fraction and a payroll factor under sub. (8)
10 representing 25% of the fraction. For taxable years beginning on or after January
11 1, 2000, the remaining net income shall be apportioned to this state by use of an
12 apportionment fraction composed of the sales factor under sub. (9).

13 ***-1837/3.11*** SECTION 1766. 71.25 (7) (intro.) of the statutes is amended to
14 read:

15 71.25 (7) PROPERTY FACTOR. (intro.) For purposes of sub. (5) and for taxable
16 years ending on or before December 31, 1999:

17 ***-1837/3.12*** SECTION 1767. 71.25 (8) (intro.) of the statutes is amended to
18 read:

19 71.25 (8) PAYROLL FACTOR. (intro.) For purposes of sub. (5) and for taxable years
20 ending on or before December 31, 1999:

21 ***-1837/3.13*** SECTION 1768. 71.25 (9) (d) of the statutes is amended to read:

22 71.25 (9) (d) Sales, other than sales of tangible personal property, are in this
23 state if the income-producing activity is performed in this state. If the
24 income-producing activity is performed both in and outside this state the sales shall
25 be divided between those states having jurisdiction to tax such business in

1 proportion to the direct costs of performance incurred in each such state in rendering
2 this service. Services performed in states which do not have jurisdiction to tax the
3 business shall be deemed to have been performed in the state to which compensation
4 is allocated by sub. (8). This paragraph does not apply to taxable years beginning
5 after December 31, 1999.

6 ***-1837/3.14*** SECTION 1769. 71.25 (9) (dc) of the statutes is created to read:

7 71.25 (9) (dc) For taxable years beginning after December 31, 1999, sales,
8 rents, royalties, and other income from real property, and the receipts from the lease
9 or rental of tangible personal property are attributed to the state in which the
10 property is located.

11 ***-1837/3.15*** SECTION 1770. 71.25 (9) (dg) of the statutes is created to read:

12 71.25 (9) (dg) For taxable years beginning after December 31, 1999, receipts
13 from the lease or rental of moving property including but not limited to motor
14 vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the
15 numerator of the sales factor under par. (a) to the extent that the property is used
16 in this state. The use of moving property in this state is determined as follows:

17 1. A motor vehicle is used in this state if it is registered in this state and used
18 wholly in this state.

19 2. The use of rolling stock in this state is determined by multiplying the receipts
20 from the lease or rental of the rolling stock by a fraction having as a numerator the
21 miles traveled within this state by the leased or rented rolling stock and having as
22 a denominator the total miles traveled by the leased or rented rolling stock.

23 3. The use of an aircraft in this state is determined by multiplying the receipts
24 from the lease or rental of the aircraft by a fraction having as a numerator the

1 number of landings of the aircraft in this state and having as a denominator the total
2 number of landings anywhere of the aircraft.

3 4. The use of a vessel, mobile equipment or other mobile property in this state
4 is determined by multiplying the receipts from the lease or rental of the property by
5 a fraction having as a numerator the number of days in the taxable year that the
6 vessel, mobile equipment or other mobile property was in this state and having as
7 a denominator the number of days in the taxable year that the vessel, mobile
8 equipment or other mobile property was rented or leased.

9 *~~1837/3.16~~* SECTION 1771. 71.25 (9) (dn) of the statutes is created to read:

10 71.25 (9) (dn) 1. For taxable years beginning after December 31, 1999, royalties
11 and other income received for the use of intangible property are attributed to the
12 state where the purchaser uses the intangible property. If intangible property is used
13 in more than one state, the royalties and other income received for the use of the
14 intangible property shall be apportioned to this state according to the portion of the
15 intangible property's use in this state. If the portion of intangible property's use in
16 this state cannot be determined, the royalties and other income received for the use
17 of intangible property shall be excluded from the numerator and the denominator of
18 the sales factor under par. (a). Intangible property is used in this state if a purchaser
19 uses the intangible property or uses the rights to intangible property in the regular
20 course of the purchaser's business in this state, regardless of where the purchaser's
21 customers are located.

22 2. For taxable years beginning after December 31, 1999, sales of intangible
23 property are attributed to the state where a purchaser uses the intangible property.
24 If intangible property is used in more than one state, the sales of the intangible
25 property shall be apportioned to this state according to the portion of the intangible

1 property's use in this state. If the portion of intangible property's use in this state
2 cannot be determined, the sales of the intangible property shall be excluded from the
3 numerator and the denominator of the sales factor under par. (a). Intangible
4 property is used in this state if a purchaser uses the intangible property in the
5 regular course of the purchaser's business in this state, regardless of where the
6 purchaser's customers are located.

7 ***-1837/3.17* SECTION 1772.** 71.25 (9) (dr) of the statutes is created to read:

8 71.25 (9) (dr) For taxable years beginning after December 31, 1999, receipts
9 from the performance of services are attributed to the state where the purchaser
10 received the benefit of the services. If a purchaser receives the benefit of a service
11 in more than one state, the receipts from the performance of the service are included
12 in the numerator of the sales factor under par. (a) according to the portion of the
13 benefit of the service received in this state. If the state where a purchaser received
14 the benefit of a service cannot be determined, the benefit of a service is received in
15 the state where the purchaser, in the regular course of the purchaser's business,
16 ordered the service. If the state where a purchaser ordered a service cannot be
17 determined, the benefit of the service is received in the state where the purchaser,
18 in the regular course of the purchaser's business, receives a bill for the service.

19 ***-1837/3.18* SECTION 1773.** 71.25 (9) (e) (title) of the statutes is repealed.

20 ***-1837/3.19* SECTION 1774.** 71.25 (9) (f) (title) of the statutes is repealed.

21 ***-1689/3.6* SECTION 1775.** 71.255 of the statutes is created to read:

22 **71.255 Combined reporting. (1) DEFINITIONS.** In this section:

23 (a) "Affiliated group" means any of the following:

24 1. A parent corporation and any corporation or chain of corporations that are
25 connected to the parent corporation by direct or indirect ownership by the parent

1 corporation if the parent corporation owns stock representing 50% or more of the
2 voting stock of at least one of the connected corporations or if the parent corporation
3 or any of the connected corporations owns stock that cumulatively represents 50%
4 or more of the voting stock of each of the connected corporations.

5 2. Any 2 or more corporations if a common corporate or common noncorporate
6 owner owns directly or indirectly stock representing 50% or more of the voting stock
7 of the corporations.

8 3. A partnership, limited liability company or tax-option corporation if a
9 parent corporation or any corporation connected to the parent corporation by
10 common ownership directly or indirectly owns shares representing 50% of the shares
11 of the partnership, limited liability company or tax-option corporation.

12 4. Any 2 or more corporations if stock representing 50% or more of the voting
13 stock in each corporation are interests that cannot be separately transferred.

14 5. Any 2 or more corporations if stock representing 50% or more of the voting
15 stock is directly owned by, or for the benefit of, family members. In this subdivision,
16 “family members” means an individual or a spouse related by blood, marriage or
17 adoption within the 2nd degree of kinship as computed under s. 852.03 (2), 1995
18 stats.

19 (b) “Combined report” means a form prescribed by the department that shows
20 the calculations under this section to divide the income of an affiliated group
21 conducting a unitary business among the jurisdictions where the affiliated group
22 conducts its trade or business.

23 (c) “Corporation” has the meaning given in s. 71.22 (1) or 71.42 (1).

24 (d) “Department” means the department of revenue.

1 (e) “Intercompany transaction” means a transaction between corporations,
2 partnerships, limited liability companies or tax-option corporations that become
3 members of the same affiliated group that is engaged in a unitary business
4 immediately after the transaction.

5 (f) “Partnership” means any entity considered a partnership under section
6 7701 of the Internal Revenue Code.

7 (g) “Unitary business” means trade or business conducted by persons that have
8 common ownership and the trade or business of one person is integrated with,
9 dependent upon, or contributes to the trade or business of another person. Trade or
10 business is presumed to be unitary if the trade or business has centralized
11 management or a centralized executive force; centralized purchasing, advertising or
12 accounting; intercorporate sales or leases; intercorporate services; intercorporate
13 debts; intercorporate use of proprietary materials; interlocking directorates or
14 interlocking corporate officers; or if a trade or business conducted in this state is
15 owned by a person that conducts a trade or business entirely outside of this state that
16 is different from the trade or business conducted in this state.

17 (h) “Water’s edge method” does not include the income and apportionment
18 factors of a tax-option corporation unless the department determines that the
19 water’s edge method is necessary to accurately report the income of the tax option
20 corporation apportioned to this state. “Water’s edge method” means the income and
21 apportionment factors of the following unitary businesses:

22 1. Any corporation organized or incorporated under the laws of the United
23 States, any state, the District of Columbia, the Commonwealth of Puerto Rico, any
24 possession of the United States, or any subdivision of the United States, including
25 corporations under sections 931 to 936 of the Internal Revenue Code.

1 2. Any domestic international sales corporation under sections 991 to 994 of the
2 Internal Revenue Code.

3 3. Any foreign sales corporation under sections 921 to 927 of the Internal
4 Revenue Code.

5 4. Any export trade corporation under sections 970 and 971 of the Internal
6 Revenue Code.

7 5. Any corporation regardless of its place of incorporation if the average of its
8 property and payroll factors within the United States, and computed on an annual
9 basis, is at least 20%.

10 6. Any corporation not described in subds. 1. to 5. to the extent of the
11 corporation's income within the United States and the corporation's property and
12 payroll factors assignable to a location within the United States.

13 (i) "Worldwide method" means the income and apportionment factors of a
14 unitary business regardless of the country where any member of the unitary
15 business is organized or incorporated or conducts business. The worldwide method
16 does not include the income and apportionment factors of tax-option corporations
17 unless the department determines that the worldwide method is necessary to
18 accurately report the income of the tax option corporation apportioned to this state.

19 **(2) CORPORATIONS REQUIRED TO USE COMBINED REPORTING.** A corporation that is
20 subject to tax under s. 71.23 (1) or (2) or 71.43, that is a member of an affiliated group
21 and is engaged in a unitary business with one or more members of the affiliated
22 group shall elect to compute the corporation's income using the water's edge method
23 of combined reporting or the worldwide method of combined reporting. A corporation
24 electing to file a tax return using the worldwide method may not thereafter elect to
25 file a tax return using the water's edge method without the department's consent.

1 A corporation that has previously filed a return using the worldwide method may file
2 with the department a request to file a return using the water's edge method before
3 the end of the taxable year that the water's edge method is to apply. The department
4 shall promulgate rules to implement this section.

5 (3) ACCOUNTING PERIOD. For purposes of this section, the income and
6 apportionment factors of all corporations that are members of an affiliated group and
7 that are engaged in a unitary business shall be determined by using the same
8 accounting period. If the affiliated group that is engaged in a unitary business has
9 a common parent corporation, the accounting period of the common parent
10 corporation shall be used to determine the income and apportionment factors of all
11 the corporations that are members of the affiliated group that are engaged in a
12 unitary business. If the affiliated group that is engaged in a unitary business has
13 no common parent corporation, the income of the affiliated group that is engaged in
14 a unitary business shall be determined using the accounting period of the member
15 of the affiliated group that has the most significant operations on a recurring basis
16 in this state.

17 (4) FILING RETURNS. (a) *Corporations with the same accounting period.*
18 Corporations that must file a return under this section and that have the same
19 accounting period may elect to file a group return under par. (c) that reports this
20 state's aggregate franchise or income tax liability of all members of the affiliated
21 group that are engaged in a unitary business. Corporations that must file a return
22 under this section may elect to file separate returns reporting the corporations'
23 respective apportionment of this state's franchise or income tax liability as
24 determined under the water's edge or worldwide method, if each corporation filing

1 a separate return pays its own apportionment of this state's franchise or income tax
2 liability.

3 (b) *Corporations with different accounting periods.* Corporations that must file
4 a return under this section and that have different accounting periods shall use the
5 actual figures from the corporations' financial records to determine the proper
6 income and income-related computations to convert to a common accounting period.
7 Corporations that must file a return under this section may use a proportional
8 method to convert income to a common accounting period if the results of the
9 proportional method do not materially misrepresent the income apportioned to this
10 state. The apportionment factors shall be computed according to the same method
11 used to determine the income for the common accounting period. If a corporation
12 performs an interim closing of its financial records to determine the income
13 attributable to the common accounting period, the actual figures from the interim
14 closing shall be used to convert the apportionment factors to the common accounting
15 period.

16 (c) *Designated agent.* If corporations that are subject to this section elect to file
17 a group return under par. (a), the parent corporation of the affiliated group shall be
18 the sole designated agent for each member of the affiliated group including the
19 parent corporation . The designated agent shall file the group return under par. (a),
20 shall file for any extensions under s. 71.24 (7) or 71.44 (3), shall file amended returns
21 and claims for refund or credit, and shall send and receive all correspondence with
22 the department regarding a return filed under this section. Any notice the
23 department sends to the designated agent is considered a notice sent to all members
24 of the affiliated group. Any refund shall be paid to and in the name of the designated
25 agent and shall discharge any liability of the state to any member of an affiliated

1 group regarding the refund. The affiliated group filing a group return under par. (a)
2 shall pay all taxes, including estimated taxes, in the designated agent's name. The
3 designated agent shall participate on behalf of the affiliated group in any
4 investigation or hearing requested by the department regarding a return filed under
5 this section and shall produce all information requested by the department
6 regarding a return filed under this section. The designated agent may execute a
7 power of attorney on the behalf of the designated agent and the members of the
8 affiliated group. The designated agent shall execute waivers, closing agreements
9 and other documents regarding a return filed under par. (a) and any waiver,
10 agreement or document executed by the designated agent shall be considered as
11 executed by all members of the affiliated group. If the department acts in good faith
12 with an affiliated group member that represents itself as the designated agent for
13 the affiliated group, any action taken by the department with the affiliated group
14 member has the same effect as if the affiliated group member were the designated
15 agent for the affiliated group.

16 (d) *Part-year members.* If a corporation becomes a member of an affiliated
17 group engaged in a unitary business or ceases to be a member of an affiliated group
18 engaged in a unitary business after the beginning of a common accounting period,
19 the corporation's income shall be apportioned to this state as follows:

20 1. If the corporation is required to file 2 short period federal returns for the
21 common accounting period, the income for the short period that the corporation was
22 a member of an affiliated group engaged in a unitary business shall be determined
23 using the water's edge or worldwide method. The income for the remaining short
24 period shall be by separate reporting under s. 71.25 or 71.45. If the corporation
25 becomes a member of another affiliated group engaged in a unitary business in the

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- 1 remaining short period, the corporation's income shall be determined for the
2 remaining short period using the water's edge or worldwide method.
- 3 2. If the corporation is not required to file federal short period returns, the
4 corporation must file a separate return. Income shall be determined by the following
5 methods:
- 6 a. By the water's edge or worldwide method for any period that the corporation
7 was a member of an affiliated group that was engaged in a unitary business.
- 8 b. By separate reporting under s. 71.25 or 71.45 for any period that the
9 corporation was not a member of an affiliated group that was engaged in a unitary
10 business.
- 11 (e) *Group amended returns.* The election to file a group return under this
12 section applies to an amended group return that includes the same corporations that
13 joined in the filing of the original group return. Under this section, an amended
14 return shall be filed as follows:
- 15 1. If an election to file a group return that is in effect for a taxable year is
16 revoked for the taxable year because the affiliated group that filed the group return
17 is not a unitary business under sub. (1) (a), as determined by the department, the
18 designated agent for the affiliated group shall not file an amended group return. The
19 designated agent and each corporation that joined in filing the group return shall
20 file a separate amended return. To compute the tax due on a separate amended return
21 a corporation that files a separate amended return shall consider all the payments,
22 credits or other amounts, including refunds, that the designated agent allocated to
23 the corporation.
- 24 2. If a change in tax liability under this section is due to the removal of a
25 corporation from an affiliated group because the corporation was not eligible

1 member of the affiliated group for the taxable year, as determined by the
2 department, the designated agent shall file an amended group return and the
3 ineligible corporation shall file a separate amended return.

4 3. If a corporation erroneously fails to join in the filing of a group return, the
5 designated agent shall file an amended group return that includes the corporation.
6 If a corporation that erroneously fails to join in the filing of a group return has filed
7 a separate return, the corporation shall file an amended separate return that shows
8 no net income, overpayment or underpayment, and shows that the corporation has
9 joined in the filing of a group return under this section.

10 (5) INCOME COMPUTATION UNDER COMBINED REPORTING. Under the water's edge
11 or worldwide method, income attributable to this state shall be determined as
12 follows:

13 (a) The net income of each corporation as determined under s. 71.26, 71.34 (1)
14 or 71.45.

15 (b) To the amount determined under par. (a) add a general or limited partner's
16 share of income to the extent that the general or limited partner and the partnership
17 in which the general or limited partner invests are engaged in a unitary business,
18 regardless of the percentage of the general or limited partner's ownership in the
19 partnership.

20 (c) Adjust each corporation's income, as determined under sub. (b), as provided
21 under s. 71.30 or 71.49.

22 (d) From the amount determined under par. (c), subtract intercompany
23 transactions, such that intercompany accounts of assets, liabilities, equities, income,
24 costs or expenses are excluded from the determination of income to accurately reflect
25 the income and apportionment factors in a tax return that is filed under this section.

1 To compute the apportionment factors, intercompany transactions are excluded from
2 both the numerator and the denominator. Distributions of intercompany dividends
3 that are paid from nonbusiness earnings or nonbusiness profits, or distributions of
4 intercompany dividends that are paid from earnings or profits that are accumulated
5 before the payer corporation becomes a member of an affiliated group engaged in a
6 unitary business, are not excluded from the income of the recipient corporation. An
7 intercompany distribution that exceeds the payer corporation's earnings or profits
8 or stock basis shall not be considered income from an intercompany sale of an asset
9 and shall not be excluded as income from an intercompany transaction.
10 Intercompany dividends that are paid from earnings or profits from a unitary
11 business income shall be considered as paid first from current earnings or profits and
12 then from accumulations from prior years in reverse order of accumulation. An
13 intercompany transaction includes the following:

- 14 1. Income from sales of inventory from one member of an affiliated group to
15 another member of an affiliated group.
- 16 2. Gain or loss from sales of intangible assets from one member of an affiliated
17 group to another member of an affiliated group.
- 18 3. Gain or loss on sales of fixed assets or capitalized intercompany charges from
19 one member of an affiliated group to another member of an affiliated group.
- 20 4. Loans, advances, receivables and similar items due one member of an
21 affiliated group to another member of an affiliated group, including interest income
22 and interest expense related to these items.
- 23 5. Stock or other equity of one member of an affiliated group that is owned or
24 controlled by another member of an affiliated group.

1 6. Except as provided in par. (d) (intro.), intercompany dividends paid out of
2 earnings and profits from a unitary business income.

3 7. Annual rent paid by one member of an affiliated group to another member
4 of an affiliated group.

5 8. Management or service fees paid by one member of an affiliated group to
6 another member of an affiliated group.

7 9. Income or expenses allocated or charged by one member of an affiliated group
8 to another member of an affiliated group.

9 (e) To the amount determined under par. (d) for each corporation, add
10 nonbusiness income, net of related expenses, and subtract nonbusiness losses, net
11 of related expenses, to determine each corporation's apportionable income or loss.

12 (f) Calculate the apportionment factors under sub. (6) and multiply each
13 corporation's apportionable income or loss, as determined under par. (e), by the
14 corporation's apportionment percentage.

15 (g) Allocate the combined net income attributable to this state among the
16 corporations subject to this state's income or franchise tax, according to the ratio of
17 each corporation's income factors attributable to this state compared to the affiliated
18 group's aggregated income factors attributable to this state.

19 (h) To the amount determined under par. (g), add each corporation's
20 nonbusiness income attributable to this state and subtract each corporation's
21 nonbusiness losses attributable to this state.

22 (i) To the amount determined under par. (h), subtract each corporation's net
23 business loss carry-forward under s. 71.26 (4) or 71.45 (4). A corporation shall not
24 apply s. 71.26 (4) or 71.45 (4) to the amount determined under par. (h) if the

1 corporation did not file a tax return in this state for taxable years ending on or before
2 December 31, 1999.

3 (6) APPORTIONMENT FACTOR COMPUTATION UNDER COMBINED REPORTING. Under the
4 water's edge or worldwide method, this state's apportionment factors are determined
5 as follows:

6 (a) The apportionment factors of each corporation as determined under s. 71.25
7 or 71.45.

8 (b) To the amount determined under par. (a), add a general or limited partner's
9 share of the apportionment factors to the extent that the general or limited partner
10 and the partnership in which the general or limited partner invests are engaged in
11 a unitary business, regardless of the percentage of the general or limited partner's
12 ownership in the partnership.

13 (c) To the amount determined under par. (b), subtract intercompany
14 transactions under sub. (5) (d).

15 (7) NET OPERATING LOSSES. For the first 2 taxable years that a group return is
16 filed under this section, the net operating loss for each member of an affiliated group
17 that files a group return is determined by each member's share of business income
18 or business loss by adding each member's share of nonbusiness income and
19 subtracting each member's share of nonbusiness loss. Beginning with the 3rd
20 taxable year that a group return is filed under this section, if a member of an
21 affiliated group that files a group return has a positive net income as determined
22 under sub. (5), the affiliated group shall only deduct the amount of the net operating
23 loss carry-forward attributable to the member.

24 (8) ESTIMATED TAX PAYMENTS. (a) For the first 2 taxable years that a group
25 return is filed under this section, estimated taxes may be paid on a group or on a

1 separate basis. The amount of any separate estimated taxes paid in the first 2
2 taxable years that a group return is filed shall be credited against the group's tax
3 liability. The designated agent shall notify the department of any estimated taxes
4 paid on a separate basis in the first 2 taxable years that a group return is filed.

5 (b) If a group return under this section is filed for 2 consecutive taxable years,
6 estimated taxes shall be paid on a group basis for each subsequent taxable year and
7 until such time as separate returns are filed by the corporations that were members
8 of an affiliated group that filed group returns under this section. For the taxable
9 years in which combined estimated payments are required under this subsection, the
10 department shall consider the affiliated group filing a group return as one taxpayer.
11 If a corporation subject to this section files a separate return in a taxable year
12 following a year in which the corporation joined in filing a group return, the amount
13 of any estimated tax payments made on a group basis for the previous year shall be
14 credited against the tax liability of the corporation that files a separate return, as
15 allocated by the designated agent with the department's approval.

16 (c) If an affiliated group pays estimated taxes on a group basis for a taxable year
17 or for any part of a taxable year, and the members of the affiliated group file separate
18 returns for the taxable year, the designated agent, with the department's approval,
19 shall allocate the estimated tax payments among the members of the affiliated
20 group.

21 (9) INTEREST FOR UNDERPAYMENT OF ESTIMATED TAX. (a) *General*. Under this
22 subsection, the amount of interest that is due for an underpayment of estimated
23 taxes shall be computed as follows:

24 1. For the first year in which a group return is filed, the amount of interest that
25 is due for an underpayment of estimated taxes shall be determined by using the

1 aggregate of the tax and income shown on the returns filed by the members of the
2 group for the previous year.

3 2. For estimated taxes paid under sub. (7) (c), the amount of interest that is due
4 from a group member for an underpayment of estimated taxes paid by the group
5 member shall be determined by using the group member's separate company items
6 from the combined report filed for the previous year and the group member's
7 allocated share of the combined estimated payments for the current year. The
8 designated agent shall report the group member's allocated share of the combined
9 estimated payments for the current year to department, in the manner prescribed
10 by the department.

11 3. If estimated taxes are paid on a group basis for a taxable year but the group
12 does not file a group return for the current taxable year and did not file a group return
13 for the previous taxable year, the estimated tax shall be credited to the corporation
14 that made the estimated tax payment on the group's behalf.

15 (b) *Entering a group.* For a corporation that becomes a member of an affiliated
16 group during a common accounting period under sub. (3), the amount of interest that
17 is due for an underpayment of estimated taxes shall be allocated to the corporation
18 as follows:

19 1. If a corporation becomes a member of an affiliated group at the beginning
20 of a common accounting period, the corporation shall include with the corresponding
21 items on the group return for the previous common accounting period the separate
22 company items shown on the corporation's return for the previous taxable year.

23 2. If a corporation is not a member of an affiliated group for an entire common
24 accounting period, the corporation shall include with the corresponding items on the
25 group return for the current taxable year the corporation's separate company items

1 for that portion of the common accounting period that the corporation was a member
2 of the affiliated group.

3 3. To determine the separate company items under subd. 1. and 2., if a
4 corporation is a member of an affiliated group during a portion of a common
5 accounting period in which the corporation becomes a member of another affiliated
6 group, the corporation's separate company items shall include the separate company
7 items that are attributed to the corporation by the designated agent of the first
8 affiliated group.

9 (c) *Leaving a group.* For a corporation that leaves an affiliated group during
10 a common accounting period under sub. (3), the amount of interest that is due for an
11 underpayment of estimated taxes shall be allocated as follows:

12 1. The separate company items attributed by the designated agent to the
13 corporation for the common accounting period during which the corporation leaves
14 the affiliated group shall be excluded from the corresponding items of the affiliated
15 group for the current common accounting period and all the common accounting
16 periods following the corporation's departure from the affiliated group.

17 2. A corporation that leaves an affiliated group shall consider the separate
18 company items attributed to the corporation by the designated agent of the affiliated
19 group to determine the the amount of interest that is due from the corporation for
20 an underpayment of estimated taxes under sub. (7).

21 (10) ASSESSMENT NOTICE. A notice of taxes that are owed by an affiliated group
22 that files a return under this section shall name each corporation that is a member
23 of the affiliated group during any part of the period covered by the notice. The
24 department's failure to name a member of an affiliated group on a notice under this
25 subsection shall not invalidate the notice as to an unnamed member of the affiliated

1 group. Any levy, lien or other proceeding to collect the amount of a tax assessment
2 under this section shall name the corporation that the department shall collect the
3 assessment from. If a corporation that joined in the filing of a group return under
4 this section leaves the affiliated group, the department shall send the corporation a
5 copy of any notice sent to the affiliated group under this subsection if the corporation
6 notifies the department that the corporation is no longer a member of the affiliated
7 group and if the corporation requests in writing that the department send notices
8 under this subsection to the corporation. The department's failure to comply with
9 a corporation's request to receive a notice under this subsection does not effect the
10 tax liability of the corporation.

11 (11) LIABILITY FOR TAX, INTEREST AND PENALTY. If members of an affiliated group
12 file a group return under this section, the members of the affiliated group shall be
13 jointly and severally liable for any combined tax, interest or penalty. The liability
14 of a member of an affiliated group for any combined tax, interest or penalty shall not
15 be reduced by an agreement with another member of the affiliated group or by an
16 agreement with another person.

17 (12) PRESUMPTIONS AND BURDEN OF PROOF. An affiliated group under sub. (1) (a)
18 shall be presumed to be engaged in a unitary business under sub. (1) (g) and all the
19 income of the unitary business shall be presumed to be apportionable business
20 income under this section. A corporation, partnership, limited liability company or
21 tax-option corporation shall have the burden of proving that it is not a member of
22 an affiliated group subject to this section.

23 *-0030/P4.112* SECTION 1776. 71.26 (1) (b) of the statutes is amended to read:

24 71.26 (1) (b) *Political units.* Income received by the United States, the state
25 and all counties, cities, villages, towns, school districts, technical college districts,

1 joint local water authorities created under s. 66.0735, family care districts under s.
2 46.2895 or other political units of this state.

3 ***-1689/3.7* SECTION 1777.** 71.26 (3) (L) of the statutes is amended to read:

4 71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount
5 otherwise deductible under this chapter that is directly or indirectly related to
6 income wholly exempt from taxes imposed by this chapter or to losses from the sale
7 or other disposition of assets the gain from which would be exempt under this
8 paragraph if the assets were sold or otherwise disposed of at a gain is not deductible.
9 In this paragraph, “wholly exempt income”, for corporations subject to franchise or
10 income taxes, includes ~~amounts received from affiliated or subsidiary corporations~~
11 ~~for interest, dividends or capital gains that, because of the degree of common~~
12 ~~ownership, control or management between the payor and payee, are not subject to~~
13 taxes under this chapter. In this paragraph, “wholly exempt income”, for
14 corporations subject to income taxation under this chapter, also includes interest on
15 obligations of the United States. In this paragraph, “wholly exempt income” does not
16 include income excludable, not recognized, exempt or deductible under specific
17 provisions of this chapter. If any expense or amount otherwise deductible is
18 indirectly related both to wholly exempt income or loss and to other income or loss,
19 a reasonable proportion of the expense or amount shall be allocated to each type of
20 income or loss, in light of all the facts and circumstances.

21 ***-0549/P1.2* SECTION 1778.** 71.28 (1dj) (am) 3. of the statutes is amended to
22 read:

23 71.28 (1dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)
24 of the internal revenue code to allow certification within the ~~90-day~~ period beginning
25 with the first day of employment of the employe ~~by the claimant.~~

1 ***-0550/1.2*** SECTION 1779. 71.28 (1dx) (b) 4. of the statutes is amended to read:

2 71.28 (1dx) (b) 4. The amount determined by multiplying the amount
3 determined under s. 560.785 (1) ~~(b)~~ (bm) by the number of full-time jobs retained,
4 as provided in the rules under s. 560.785, excluding jobs for which a credit has been
5 claimed under sub. (1dj), in ~~a~~ an enterprise development zone under s. 560.797 and
6 filled by a member of a targeted group for which significant capital investment was
7 made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

8 ***-1785/P3.7*** SECTION 1780. 71.28 (2) of the statutes is amended to read:

9 71.28 (2) FARMLAND PRESERVATION CREDIT. FARMLAND PRESERVATION ACREAGE
10 CREDIT. The farmland preservation credit and the farmland preservation acreage
11 credit under subch. IX may be claimed against taxes otherwise due subject to the
12 provisions, requirements and conditions of that subchapter.

13 ***-1837/3.20*** SECTION 1781. 71.28 (4) (a) of the statutes is amended to read:

14 71.28 (4) (a) *Credit*. Any corporation may credit against taxes otherwise due
15 under this chapter an amount equal to 5% of the amount obtained by subtracting
16 from the corporation's qualified research expenses, as defined in section 41 of the
17 internal revenue code, except that "qualified research expenses" includes only
18 expenses incurred by the claimant, incurred for research conducted in this state for
19 the taxable year, except that a taxpayer may elect the alternative computation under
20 section 41 (c) (4) of the Internal Revenue Code and that election applies until the
21 department permits its revocation and except that "qualified research expenses"
22 does not include compensation used in computing the credit under subs. (1dj) and
23 (1dx), the corporation's base amount, as defined in section 41 (c) of the internal
24 revenue code, except that gross receipts used in calculating the base amount means
25 gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and,

1 (d), (dc), (dg), (dn) and (dr). Section 41 (h) of the internal revenue code does not apply
2 to the credit under this paragraph.

3 ***-1837/3.21* SECTION 1782.** 71.28 (4) (am) 1. of the statutes is amended to
4 read:

5 71.28 (4) (am) *Development zone additional research credit.* 1. In addition to
6 the credit under par. (a), any corporation may credit against taxes otherwise due
7 under this chapter an amount equal to 5% of the amount obtained by subtracting
8 from the corporation's qualified research expenses, as defined in section 41 of the
9 internal revenue code, except that "qualified research expenses" include only
10 expenses incurred by the claimant in a development zone under subch. VI of ch. 560,
11 except that a taxpayer may elect the alternative computation under section 41 (c) (4)
12 of the Internal Revenue Code and that election applies until the department permits
13 its revocation and except that "qualified research expenses" do not include
14 compensation used in computing the credit under sub. (1dj) nor research expenses
15 incurred before the claimant is certified for tax benefits under s. 560.765 (3), the
16 corporation's base amount, as defined in section 41 (c) of the internal revenue code,
17 in a development zone, except that gross receipts used in calculating the base amount
18 means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and
19 2. and, (d), (dc), (dg), (dn) and (dr) and research expenses used in calculating the base
20 amount include research expenses incurred before the claimant is certified for tax
21 benefits under s. 560.765 (3), in a development zone, if the claimant submits with the
22 claimant's return a copy of the claimant's certification for tax benefits under s.
23 560.765 (3) and a statement from the department of commerce verifying the
24 claimant's qualified research expenses for research conducted exclusively in a
25 development zone. The rules under s. 73.03 (35) apply to the credit under this

1 subdivision. The rules under sub. (1d) (f) and (g) as they apply to the credit under
2 that subsection apply to claims under this subdivision. Section 41 (h) of the internal
3 revenue code does not apply to the credit under this subdivision.

4 ***-1689/3.8* SECTION 1783.** 71.29 (2) of the statutes is amended to read:

5 71.29 (2) WHO SHALL PAY. ~~Every~~ Except as provided in s. 71.255 (8), a
6 corporation subject to tax under s. 71.23 (1) or (2) and every virtually exempt entity
7 subject to tax under s. 71.125 or 71.23 (1) or (2) shall pay an estimated tax.

8 ***-1785/P3.8* SECTION 1784.** 71.30 (3) (f) of the statutes is amended to read:

9 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
10 (1fd), farmland preservation credit and farmland preservation acreage credit under
11 subch. IX, farmland tax relief credit under s. 71.28 (2m) and estimated tax payments
12 under s. 71.29.

13 ***-1689/3.9* SECTION 1785.** 71.44 (1) (e) of the statutes is created to read:

14 71.44 (1) (e) A corporation that is a member of an affiliated group, as defined
15 in s. 71.255 (1) (a), and engaged in a unitary business, as defined in s. 71.255 (1) (g),
16 shall file a tax return under s. 71.255.

17 ***-1837/3.22* SECTION 1786.** 71.45 (3) (intro.) of the statutes is amended to
18 read:

19 71.45 (3) APPORTIONMENT. (intro.) ~~With~~ Except as provided in pars. (a) and (b),
20 with respect to domestic insurers not engaged in the sale of life insurance but which,
21 in the taxable year, have collected premiums written on subjects of insurance
22 resident, located or to be performed outside this state, there shall be subtracted from
23 the net income figure derived by application of sub. (2) (a) to arrive at Wisconsin
24 income constituting the measure of the franchise tax an amount calculated by

1 multiplying such adjusted federal taxable income by the arithmetic average of the
2 following 2 percentages:

3 ***-1837/3.23* SECTION 1787.** 71.45 (3) (a) of the statutes is amended to read:

4 71.45 (3) (a) The percentage of total premiums written on all property and risks
5 other than life insurance, wherever located during the taxable year, as reflects
6 premiums written on insurance, other than life insurance, where the subject of
7 insurance was resident, located or to be performed outside this state. For taxable
8 years beginning after December 31, 1999, the premiums percentage under this
9 paragraph is the only percentage applied to the apportionment calculations in this
10 paragraph and in sub. (3m).

11 ***-1837/3.24* SECTION 1788.** 71.45 (3) (b) of the statutes is renumbered 71.45
12 (3) (b) 1. and amended to read:

13 71.45 (3) (b) 1. The percentage of total payroll, exclusive of life insurance
14 payroll, paid everywhere in the taxable year as reflects such compensation paid
15 outside this state. The payroll percentage under this paragraph does not apply to
16 the apportionment calculations under this paragraph and under sub. (3m) for
17 taxable years beginning after December 31, 1999.

18 2. Compensation is paid outside this state if the individual's service is
19 performed entirely outside this state; or the individual's service is performed both
20 within and without this state, but the service performed within is incidental to the
21 individual's service without this state; or some service is performed without this
22 state and the base of operations, or if there is no base of operations, the place from
23 which the service is directed or controlled is without this state, or the base of
24 operations or the place from which the service is directed or controlled is not in any

1 state in which some part of the service is performed, but the individual's residence
2 is outside this state.

3 ***-1837/3.25*** SECTION 1789. 71.45 (3m) of the statutes is amended to read:

4 71.45 (3m) ARITHMETIC AVERAGE. The Except as provided in pars. (a) and (b),
5 the arithmetic average of the 2 percentages referred to in sub. (3) shall be applied to
6 the net income figure arrived at by the successive application of sub. (2) (a) and (b)
7 with respect to Wisconsin insurers to which sub. (2) (a) and (b) applies and which
8 have collected premiums written upon insurance, other than life insurance, where
9 the subject of such insurance was resident, located or to be performed outside this
10 state, to arrive at Wisconsin income constituting the measure of the franchise tax.

11 ***-1689/3.10*** SECTION 1790. 71.46 (3) of the statutes is repealed.

12 ***-0549/P1.3*** SECTION 1791. 71.47 (1dj) (am) 3. of the statutes is amended to
13 read:

14 71.47 (1dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)
15 of the internal revenue code to allow certification within the ~~90-day~~ period beginning
16 with the first day of employment of the employe ~~by the claimant.~~

17 ***-0550/1.3*** SECTION 1792. 71.47 (1dx) (b) 4. of the statutes is amended to read:

18 71.47 (1dx) (b) 4. The amount determined by multiplying the amount
19 determined under s. 560.785 (1) ~~(b)~~ (bm) by the number of full-time jobs retained,
20 as provided in the rules under s. 560.785, excluding jobs for which a credit has been
21 claimed under sub. (1dj), in a an enterprise development zone under s. 560.797 and
22 filled by a member of a targeted group for which significant capital investment was
23 made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

24 ***-1785/P3.9*** SECTION 1793. 71.47 (2) of the statutes is amended to read:

1 71.47 (2) FARMLAND PRESERVATION CREDIT, FARMLAND PRESERVATION ACREAGE
2 CREDIT. The farmland preservation credit and the farmland preservation acreage
3 credit under subch. IX may be claimed against taxes otherwise due.

4 ***-1837/3.26*** SECTION 1794. 71.47 (4) (a) of the statutes is amended to read:

5 71.47 (4) (a) *Credit.* Any corporation may credit against taxes otherwise due
6 under this chapter an amount equal to 5% of the amount obtained by subtracting
7 from the corporation's qualified research expenses, as defined in section 41 of the
8 internal revenue code, except that "qualified research expenses" includes only
9 expenses incurred by the claimant, incurred for research conducted in this state for
10 the taxable year, except that a taxpayer may elect the alternative computation under
11 section 41 (c) (4) of the Internal Revenue Code and that election applies until the
12 department permits its revocation and except that "qualified research expenses"
13 does not include compensation used in computing the credit under subs. (1dj) and
14 (1dx), the corporation's base amount, as defined in section 41 (c) of the internal
15 revenue code, except that gross receipts used in calculating the base amount means
16 gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and,
17 (d), (dc), (dg), (dn) and (dr). Section 41 (h) of the internal revenue code does not apply
18 to the credit under this paragraph.

19 ***-1837/3.27*** SECTION 1795. 71.47 (4) (am) of the statutes is amended to read:

20 71.47 (4) (am) *Development zone additional research credit.* In addition to the
21 credit under par. (a), any corporation may credit against taxes otherwise due under
22 this chapter an amount equal to 5% of the amount obtained by subtracting from the
23 corporation's qualified research expenses, as defined in section 41 of the internal
24 revenue code, except that "qualified research expenses" include only expenses
25 incurred by the claimant in a development zone under subch. VI of ch. 560, except

1 that a taxpayer may elect the alternative computation under section 41 (c) (4) of the
2 Internal Revenue Code and that election applies until the department permits its
3 revocation and except that “qualified research expenses” do not include
4 compensation used in computing the credit under sub. (1dj) nor research expenses
5 incurred before the claimant is certified for tax benefits under s. 560.765 (3), the
6 corporation’s base amount, as defined in section 41 (c) of the internal revenue code,
7 in a development zone, except that gross receipts used in calculating the base amount
8 means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and
9 2. ~~and, (d), (dc), (dg), (dn) and (dr)~~ and research expenses used in calculating the base
10 amount include research expenses incurred before the claimant is certified for tax
11 benefits under s. 560.765 (3), in a development zone, if the claimant submits with the
12 claimant’s return a copy of the claimant’s certification for tax benefits under s.
13 560.765 (3) and a statement from the department of commerce verifying the
14 claimant’s qualified research expenses for research conducted exclusively in a
15 development zone. The rules under s. 73.03 (35) apply to the credit under this
16 paragraph. The rules under sub. (1di) (f) and (g) as they apply to the credit under
17 that subsection apply to claims under this paragraph. Section 41 (h) of the internal
18 revenue code does not apply to the credit under this paragraph. No credit may be
19 claimed under this paragraph for taxable years that begin on January 1, 1998, or
20 thereafter. Credits under this paragraph for taxable years that begin before January
21 1, 1998, may be carried forward to taxable years that begin on January 1, 1998, or
22 thereafter.

23 *–1689/3.11* SECTION 1796. 71.48 of the statutes is amended to read:

1 **71.48 Payments of estimated taxes.** Sections Except as provided in s.
2 71.255 (8), ss. 71.29 and 71.84 (2) shall apply to insurers subject to taxation under
3 this chapter.

4 ***-1785/P3.10* SECTION 1797.** 71.49 (1) (f) of the statutes is amended to read:

5 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
6 (1fd), farmland preservation credit and farmland preservation acreage credit under
7 subch. IX, farmland tax relief credit under s. 71.47 (2m) and estimated tax payments
8 under s. 71.48.

9 ***-1917/P8.30* SECTION 1798.** 71.54 (1) (d) (intro.) of the statutes is amended
10 to read:

11 71.54 (1) (d) *1991 and thereafter to 1999.* (intro.) The amount of any claim filed
12 in 1991 ~~and thereafter to 1999~~ and based on property taxes accrued or rent
13 constituting property taxes accrued during the previous year is limited as follows:

14 ***-1917/P8.31* SECTION 1799.** 71.54 (1) (e) of the statutes is created to read:

15 71.54 (1) (e) *2000 and thereafter.* The amount of any claim filed in 2000 and
16 thereafter and based on property taxes accrued or rent constituting property taxes
17 accrued during the previous year is limited as follows:

18 1. If the household income was \$8,000 or less in the year to which the claim
19 relates, the claim is limited to 80% of the property taxes accrued or rent constituting
20 property taxes accrued or both in that year on the claimant's homestead.

21 2. If the household income was more than \$8,000 in the year to which the claim
22 relates, the claim is limited to 80% of the amount by which the property taxes accrued
23 or rent constituting property taxes accrued or both in that year on the claimant's
24 homestead exceeds 10% of the household income exceeding \$8,000.

1 3. No credit may be allowed if the household income of a claimant exceeds
2 \$22,500.

3 *~~0494/2.1~~* SECTION 1800. 71.54 (2) (a) (intro.) of the statutes is amended to
4 read:

5 71.54 (2) (a) (intro.) Property taxes accrued or rent constituting property taxes
6 accrued shall be reduced by one-twelfth for each month or portion of a month for
7 which the claimant received relief from any county under s. 59.53 (21) equal to or in
8 excess of \$400, participated in Wisconsin works under s. 49.147 (4) or (5) or 49.148
9 (1m) or received assistance under s. 49.19, except assistance received:

10 *~~1785/P3.11~~* SECTION 1801. 71.58 (8) of the statutes is amended to read:

11 71.58 (8) “Property taxes accrued” means property taxes, exclusive of special
12 assessments, delinquent interest and charges for service, levied on the farmland and
13 improvements owned by the claimant or any member of the claimant’s household in
14 any calendar year under ch. 70, less the tax credit, if any, afforded in respect of the
15 property by s. 79.10. “Property taxes accrued” shall not exceed ~~\$6,000~~ the amount
16 described as the maximum excessive property tax in s. 71.60 (1) (a). If farmland is
17 owned by a tax-option corporation, a limited liability company or by 2 or more
18 persons or entities as joint tenants, tenants in common or partners or is marital
19 property or survivorship marital property and one or more such persons, entities or
20 owners is not a member of the claimant’s household, “property taxes accrued” is that
21 part of property taxes levied on the farmland, reduced by the tax credit under s.
22 79.10, that reflects the ownership percentage of the claimant and the claimant’s
23 household. For purposes of this subsection, property taxes are “levied” when the tax
24 roll is delivered to the local treasurer for collection. If farmland is sold during the
25 calendar year of the levy the “property taxes accrued” for the seller is the amount of

1 the tax levy, reduced by the tax credit under s. 79.10, prorated to each in the closing
2 agreement pertaining to the sale of the farmland, except that if the seller does not
3 reimburse the buyer for any part of those property taxes there are no “property taxes
4 accrued” for the seller, and the “property taxes accrued” for the buyer is the property
5 taxes levied on the farmland, reduced by the tax credit under s. 79.10, minus, if the
6 seller reimburses the buyer for part of the property taxes, the amount prorated to the
7 seller in the closing agreement. With the claim for credit under this subchapter, the
8 seller shall submit a copy of the closing agreement and the buyer shall submit a copy
9 of the closing agreement and a copy of the property tax bill.

10 ***-1785/P3.12*** SECTION 1802. 71.59 (1) (a) of the statutes is amended to read:

11 71.59 (1) (a) Subject to the limitations provided in this subchapter and s. 71.80
12 (3) and (3m), a claimant may claim as a credit against Wisconsin income or franchise
13 taxes otherwise due, the amount derived under s. 71.60 or the amount derived under
14 s. 71.605, or both. If the allowable amount of claim exceeds the income or franchise
15 taxes otherwise due on or measured by the claimant’s income or if there are no
16 Wisconsin income or franchise taxes due on or measured by the claimant’s income,
17 the amount of the claim not used as an offset against income or franchise taxes shall
18 be certified to the department of administration for payment to the claimant by
19 check, share draft or other draft drawn on the general fund.

20 ***-1785/P3.13*** SECTION 1803. 71.59 (1) (b) (intro.) of the statutes is amended
21 to read:

22 71.59 (1) (b) (intro.) Every claimant under this ~~subchapter~~ section and s. 71.60
23 shall supply, at the request of the department, in support of the claim, all of the
24 following:

25 ***-1785/P3.14*** SECTION 1804. 71.59 (1) (b) 5. of the statutes is created to read:

1 71.59 (1) (b) 5. A copy of a certificate of compliance, issued by the land
2 conservation committee of each of the counties that have jurisdiction over the
3 farmland, that certifies that the soil and water standards that apply to the farmland
4 under s. 92.105 (1), (2) and (3) are being met.

5 ***-1785/P3.15*** SECTION 1805. 71.59 (1) (c) of the statutes is amended to read:

6 71.59 (1) (c) A farmland preservation agreement submitted under par. (b) 3.
7 shall contain provisions specified under s. 91.13 (8) including either a provision
8 requiring farming operations to be conducted in substantial accordance with a soil
9 and water conservation plan prepared under s. 92.104, 1997 stats., or a provision
10 requiring farming operations to be conducted in compliance with reasonable soil and
11 water conservation standards established under s. 92.105.

12 ***-1785/P3.16*** SECTION 1806. 71.59 (1) (d) (intro.) of the statutes is amended
13 to read:

14 71.59 (1) (d) (intro.) The certificate of ~~the zoning authority~~ submitted under
15 par. (b) ~~3.~~ 5. shall certify:

16 ***-1785/P3.17*** SECTION 1807. 71.59 (1) (d) 1. of the statutes is amended to
17 read:

18 71.59 (1) (d) 1. That the lands are within the boundaries of an agricultural
19 zoning district which is part of an adopted ordinance meeting the standards of subch.
20 V of ch. 91 and certified under s. 91.06, 1997 stats.

21 ***-1785/P3.18*** SECTION 1808. 71.59 (2) (intro.) of the statutes is amended to
22 read:

23 71.59 (2) INELIGIBLE CLAIMS. (intro.) No credit shall be allowed under this
24 subchapter ~~section~~ and s. 71.60:

25 ***-1785/P3.19*** SECTION 1809. 71.59 (2) (b) of the statutes is amended to read:

1 71.59 (2) (b) If a notice of noncompliance with an applicable soil and water
2 conservation plan under s. 92.104, 1997 stats., is in effect with respect to the
3 claimant at the time the claim is filed.

4 *~~1785/P3.20~~ SECTION 1810. 71.59 (2) (d) of the statutes is amended to read:

5 71.59 (2) (d) For property taxes accrued on farmland zoned for exclusive
6 agricultural use under an ordinance certified under subch. V of ch. 91 s. 91.06, 1997
7 stats., which is granted a special exception or conditional use permit for a use which
8 is not an agricultural use, as defined in s. 91.01 (1).

9 *~~1785/P3.21~~ SECTION 1811. 71.60 (1) (a) of the statutes is amended to read:

10 71.60 (1) (a) The amount of excessive property taxes shall be computed by
11 subtracting from property taxes accrued the amount of 7% of the 2nd \$5,000 of
12 household income plus 9% of the 3rd \$5,000 of household income plus 11% of the 4th
13 \$5,000 of household income plus 17% of the 5th \$5,000 of household income plus 27%
14 of the 6th \$5,000 of household income plus 37% of household income in excess of
15 \$30,000. The maximum excessive property tax which can be utilized is \$6,000 for
16 claims that are calculated under par. (b) and the maximum excessive property tax
17 which can be utilized is \$4,000 for claims that are calculated under par. (bm).

18 *~~1785/P3.22~~ SECTION 1812. 71.60 (1) (b) of the statutes is amended to read:

19 71.60 (1) (b) The Except as provided in par. (bm), the credit allowed under s.
20 71.59 and this subchapter section shall be limited to 90% of the first \$2,000 of
21 excessive property taxes plus 70% of the 2nd \$2,000 of excessive property taxes plus
22 50% of the 3rd \$2,000 of excessive property taxes. The maximum credit shall not
23 exceed \$4,200 for any claimant. The credit for any claimant shall be the greater of
24 either the credit as calculated under this subchapter as it exists at the end of the year
25 for which the claim is filed or as it existed on the date on which the farmland became

1 subject to a current agreement under subch. II ~~or III~~ of ch. 91 or under subch. III of
2 ch. 91, 1997 stats., using for such calculations household income and property taxes
3 accrued of the year for which the claim is filed.

4 ***-1785/P3.23* SECTION 1813.** 71.60 (1) (bm) of the statutes is created to read:

5 71.60 (1) (bm) For new claims that are filed under s. 71.59 and this section that
6 relate to taxable years beginning after December 31, 2000, the credit allowed shall
7 be limited to 40% of the first \$2,000 of excessive property taxes plus 60% of the next
8 \$1,000 of excessive property taxes plus 70% of the next \$1,000 of excessive property
9 taxes. The maximum credit shall not exceed \$2,100 for any claimant who files a claim
10 to which this paragraph applies. The credit for any claimant shall be the greater of
11 either the credit as calculated under this subchapter as it exists at the end of the year
12 for which the claim is filed or as it existed on the date on which the farmland became
13 subject to a current certificate that is described in s. 71.59 (1) (b) 5., using for such
14 calculations household income and property taxes accrued of the year for which the
15 claim is filed.

16 ***-1785/P3.24* SECTION 1814.** 71.60 (1) (c) 1. to 3. of the statutes are amended
17 to read:

18 71.60 (1) (c) 1. If the farmland is located in a county which has ~~a certified~~ an
19 agricultural preservation plan certified under subch. IV of ch. 91 ~~s. 91.06, 1997 stats.~~,
20 at the close of the year for which credit is claimed and is in an area zoned by a county,
21 city or village for exclusive agricultural use under ch. 91 at the close of such year, the
22 amount of the claim shall be that as specified in par. (b).

23 2. If the farmland is subject to a transition area agreement under subch. II of
24 ch. 91 on July 1 of the year for which credit is claimed, or the claimant had applied
25 for such an agreement before July 1 of such year and the agreement has subsequently

1 been executed, and the farmland is located in a city or village which has a ~~certified~~
2 an exclusive agricultural use zoning ordinance certified under subch. V of ch. 91 s.
3 91.06, 1997 stats., in effect at the close of the year for which credit is claimed, or in
4 a town which is subject to a ~~certified~~ county exclusive agricultural use zoning
5 ordinance certified under subch. V of ch. 91 s. 91.06, 1997 stats., in effect at the close
6 of the year for which credit is claimed, the amount of the claim shall be that as
7 specified in par. (b).

8 3. If the claimant or any member of the claimant's household owns farmland
9 which is ineligible for credit under subd. 1. or 2. but was subject to a farmland
10 preservation agreement under subch. III of ch. 91, 1997 stats., on July 1 of the year
11 for which credit is claimed, or the owner had applied for such an agreement before
12 July 1 of such year and the agreement has subsequently been executed, and if the
13 owner has applied by the end of the year in which conversion under s. 91.41, 1997
14 stats., is first possible for conversion of the agreement to a transition area agreement
15 under subch. II of ch. 91, and the transition area agreement has subsequently been
16 executed, and the farmland is located in a city or village which has a ~~certified~~ an
17 exclusive agricultural use zoning ordinance certified under subch. V of ch. 91 s.
18 91.06, 1997 stats., in effect at the close of the year for which credit is claimed, or in
19 a town which is subject to a ~~certified~~ county exclusive agricultural use zoning
20 ordinance certified under subch. V of ch. 91 s. 91.06, 1997 stats., in effect at the close
21 of the year for which credit is claimed, the amount of the claim shall be that specified
22 in par. (b).

23 ***-1785/P3.25*** SECTION 1815. 71.60 (1) (c) 5. to 8. of the statutes are amended
24 to read:

1 71.60 (1) (c) 5. If the claimant or any member of the claimant's household owns
2 farmland which is ineligible for credit under subds. 1. to 4. but was subject to a
3 farmland preservation agreement under subch. III of ch. 91, 1997 stats., on July 1
4 of the year for which credit is claimed, or the owner had applied for such an
5 agreement before July 1 of such year and the agreement has subsequently been
6 executed, and if the owner has applied by the end of the year in which conversion
7 under s. 91.41, 1997 stats., is first possible for conversion of the agreement to an
8 agreement under subch. II of ch. 91, and the agreement under subch. II of ch. 91 has
9 subsequently been executed, the amount of the claim shall be limited to 80% of that
10 specified in par. (b).

11 6. If the farmland is located in an agricultural district under a ~~certified~~ county
12 agricultural preservation plan certified under subch. IV of ch. 91 s. 91.06, 1997 stats.,
13 at the close of the year for which credit is claimed, and is located in an area zoned for
14 exclusive agricultural use under a ~~certified~~ town ordinance certified under ~~subch. V~~
15 of ch. 91 s. 91.06, 1997 stats., at the close of such year, the amount of the claim shall
16 be the amount specified in par. (b).

17 6m. If the farmland is located in an agricultural district under a ~~certified~~
18 county agricultural preservation plan certified under ~~subch. IV of ch. 91 s. 91.06,~~
19 1997 stats., at the close of the year for which credit is claimed, and is located in an
20 area zoned for exclusive agricultural use under a ~~certified~~ county or town ordinance
21 certified under ~~subch. V of ch. 91 s. 91.06, 1997 stats.~~, for part of a year but not at
22 the close of that year because the farmland became subject to a city or village
23 extraterritorial zoning ordinance under s. 62.23 (7a), the amount of the claim shall
24 be equal to the amount that the claim would have been under this section if the

1 farmland were subject to a certified county or town exclusive agricultural use
2 ordinance at the close of the year.

3 7. If the farmland is located in an area zoned for exclusive agricultural use
4 under a certified county, city or village ordinance certified under ~~subch. V of ch. 91~~
5 s. 91.06, 1997 stats., at the close of the year for which credit is claimed, but the county
6 in which the farmland is located has not adopted an agricultural preservation plan
7 under subch. IV of ch. 91, 1997 stats., by the close of such year, the amount of the
8 claim shall be limited to 70% of that specified in par. (b).

9 8. If the farmland is subject to a farmland preservation agreement under subch.
10 III of ch. 91, 1997 stats., on July 1 of the year for which credit is claimed or the
11 claimant had applied for such an agreement before July 1 of such year and the
12 agreement has subsequently been executed, the amount of the claim shall be limited
13 to 50% of that specified in par. (b).

14 ***-1785/P3.26* SECTION 1816.** 71.60 (2) of the statutes is renumbered 71.60 (2)
15 (a) and amended to read:

16 71.60 (2) (a) If For taxable years beginning before January 1, 2001, if the
17 farmland is subject to a certified an ordinance certified under subch. V of ch. 91 s.
18 91.06, 1997 stats., or an agreement under subch. II of ch. 91, in effect at the close of
19 the year for which the credit is claimed, the amount of the claim is 10% of the property
20 taxes accrued or the amount determined under sub. (1), whichever is greater.

21 ***-1785/P3.27* SECTION 1817.** 71.60 (2) (b) of the statutes is created to read:

22 71.60 (2) (b) For taxable years beginning after December 31, 2000, if the
23 farmland is subject to a certificate of compliance that is described under s. 71.59 (1)
24 (b) 5. and that is in effect at the close of the year for which the credit is claimed, the

1 amount of the claim is 10% of the property taxes accrued or the amount determined
2 under sub. (1), whichever is greater.

3 ***-1785/P3.28* SECTION 1818.** 71.605 of the statutes is created to read:

4 **71.605 Farmland preservation acreage credit.** (1) DEFINITIONS. In this
5 section:

6 (a) "Development rights" means a holder's nonpossessory interest in farmland
7 that imposes a limitation or affirmative obligation the purpose of which is to retain
8 or protect natural, scenic or open space values of farmland, assuring the availability
9 of farmland for agricultural, forest, wildlife habitat or open space use, protecting
10 natural resources or maintaining or enhancing air or water quality.

11 (b) "Nonprofit entity" means an entity that is described in section 501 (c) (3) of
12 the Internal Revenue Code and is exempt from federal income tax under section 501
13 (a) of the Internal Revenue Code.

14 (c) "Political subdivision" means a city, village, town or county.

15 (2) CALCULATION. If the claimant sells, donates or otherwise transfers the
16 development rights to farmland for which a credit is claimed under this section to the
17 state or to a political subdivision, or to a nonprofit entity, the credit may be calculated
18 as follows:

19 (a) If farming rights are retained on such farmland, the credit shall be 50 cents
20 for each acre that the claimant sells, donates or otherwise transfers.

21 (b) If farming rights are not retained on such farmland, the credit shall be 30
22 cents for each acre that the claimant sells, donates or otherwise transfers.

23 (3) LIMITATIONS. (a) If a claimant sells, donates or otherwise transfers
24 development rights under sub. (2) to a nonprofit entity, the credit under this section
25 may not be claimed unless the entity enters into a signed agreement with the

1 department of agriculture, trade and consumer protection that contains all of the
2 following:

3 1. Standards for the management of the farmland, the development rights to
4 which are to be acquired.

5 2. A prohibition against using the development rights to the farmland which
6 are to be acquired as security for any debt unless the department of agriculture, trade
7 and consumer protection approves the incurring of the debt.

8 3. A clause that any subsequent sale, donation or other transfer of the
9 development rights to the farmland which are to be acquired is subject to pars. (b)
10 and (e).

11 (b) The nonprofit entity may subsequently sell, donate or otherwise transfer
12 the acquired development rights to the farmland to the state or to a city, village, town
13 or county, or to a 3rd party other than a creditor if the 3rd party is also a nonprofit
14 entity, except that a sale, donation or transfer to another nonprofit entity may occur
15 only if all of the following apply:

16 1. The department of agriculture, trade and consumer protection approves the
17 subsequent sale, donation or transfer.

18 2. The party to whom the development rights are sold, donated or transferred
19 enters into a new contract with the department of agriculture, trade and consumer
20 protection under par. (a).

21 (c) The nonprofit entity may subsequently sell, donate or transfer the acquired
22 development rights to satisfy a debt or other obligation if the department of
23 agriculture, trade and consumer protection approves the sale, donation or transfer.

24 (d) The nonprofit entity may subsequently develop the property, with the
25 written consent of the owner of the property and with the written consent of the

1 department of agriculture, trade and consumer protection, in a way that retains or
2 protects natural, scenic or open space values of farmland, assuring the availability
3 of farmland for agricultural, forest, wildlife habitat or open space use, protecting
4 natural resources or maintaining or enhancing air or water quality.

5 (e) If the nonprofit entity violates any essential provision of the contract, the
6 development rights that were acquired shall vest in the state.

7 (f) The instrument conveying the development rights to the nonprofit entity
8 shall state the interest of the state under par. (e). The contract entered into under
9 par. (a) and the instrument of conveyance shall be recorded in the office of the register
10 of deeds of each county in which the farmland is located.

11 (g) If a claimant sells, donates or otherwise transfers development rights under
12 sub. (2) to a political subdivision, the political subdivision may develop the farmland
13 only in a way that is consistent with a comprehensive plan under s. 66.0295.

****NOTE: Par. (g) may not remain in this draft if LRB-1256 is removed from the bill.

14 (fm) The credit under this section may be claimed only by the person who owns
15 the farmland when the development rights are initially transferred as described in
16 sub. (2).

17 (g) The credit under this section may not be claimed until the claimant files
18 with the register of deeds of each county in which the farmland is located the
19 certificate that verifies that the development rights to the farmland have been
20 transferred as described in sub. (2).

21 (h) Section 71.59 (2) (a) and (e), to the extent that it applies to the credit under
22 ss. 71.59 and 71.60, applies to the credit under this section.

23 (4) SUNSET. No new claims may be filed under this section for taxable years that
24 begin after December 31, 2002.

1 ***-1785/P3.29*** SECTION 1819. 71.61 (6) of the statutes is created to read:

2 71.61 (6) SUNSET. (a) For claims that are filed under s. 71.59 and computed
3 under s. 71.60 for taxable years that begin after December 31, 2000, based on
4 property taxes that are accrued in the previous calendar year, ss. 71.59 (1) (b) 3. and
5 (d) 1. to 4. and 71.60 (1) (c) do not apply.

6 (b) No new claims may be filed under s. 71.59 and computed under s. 71.60 for
7 taxable years that begin after December 31, 2002.

8 ***-1917/P8.32*** SECTION 1820. 71.64 (9) (b) of the statutes is renumbered 71.64
9 (9) (b) (intro.) and amended to read:

10 71.64 (9) (b) (intro.) The department shall from time to time adjust the
11 withholding tables to reflect any changes in income tax rates, any applicable surtax
12 or any changes in dollar amounts in s. 71.06 (1), (1m), ~~(1n)~~, ~~(1p)~~ and (2) resulting from
13 statutory changes, except that the as follows:

14 1. The department may not adjust the withholding tables to reflect the changes
15 in rates in s. 71.06 (1m) and (2) (c) and (d) and any changes in dollar amounts with
16 respect to bracket indexing under s. 71.06 (2e), with respect to changes in rates under
17 s. 71.06 (1m) and (2) (c) and (d), and with respect to standard deduction indexing
18 under s. 71.05 (22) (ds) for any taxable year that begins before January 1, 2000.

19 (c) The tables shall account for the working families tax credit under s. 71.07
20 (5m), subject to s. 71.07 (5m) (e). The tables shall be extended to cover from zero to
21 10 withholding exemptions, shall assume that the payment of wages in each pay
22 period will, when multiplied by the number of pay periods in a year, reasonably
23 reflect the annual wage of the employe from the employer and shall be based on the
24 further assumption that the annual wage will be reduced for allowable deductions
25 from gross income. The department may determine the length of the tables and a

1 reasonable span for each bracket. In preparing the tables the department shall
2 adjust all withholding amounts not an exact multiple of 10 cents to the next highest
3 figure that is a multiple of 10 cents. The department shall also provide instructions
4 with the tables for withholding with respect to quarterly, semiannual and annual pay
5 periods.

6 ***-1917/P8.33* SECTION 1821.** 71.64 (9) (b) 2. of the statutes is created to read:

7 71.64 (9) (b) 2. The department shall adjust the withholding tables to reflect
8 the changes in rates in s. 71.06 (1n), (1p) and (2) (e), (f), (g) and (h) and any changes
9 in dollar amounts with respect to bracket indexing, with respect to changes in rates
10 under s. 71.06 (1p) and (2) (g) and (h) on July 1, 2000.

11 ***-1917/P8.34* SECTION 1822.** 71.67 (4) (a) of the statutes is amended to read:

12 71.67 (4) (a) The administrator of the lottery division in the department under
13 ch. 565 shall withhold from any lottery prize of \$2,000 or more an amount determined
14 by multiplying the amount of the prize by the highest rate applicable to individuals
15 under s. 71.06 (1) ~~or~~, (1m), (1n) or (1p). The administrator shall deposit the amounts
16 withheld, on a monthly basis, as would an employer depositing under s. 71.65 (3) (a).

17 ***-1917/P8.35* SECTION 1823.** 71.67 (5) (a) of the statutes is amended to read:

18 71.67 (5) (a) *Wager winnings.* A person holding a license to sponsor and
19 manage races under s. 562.05 (1) (b) or (c) shall withhold from the amount of any
20 payment of pari-mutuel winnings under s. 562.065 (3) (a) or (3m) (a) an amount
21 determined by multiplying the amount of the payment by the highest rate applicable
22 to individuals under s. 71.06 (1) (a) to (c) ~~or~~, (1m), (1n) or (1p) if the amount of the
23 payment is more than \$1,000.

24 ***-0762/P1.1* SECTION 1824.** 71.75 (8) of the statutes is amended to read:

1 71.75 (8) A refund payable on the basis of a separate return shall be issued to
2 the person who filed the return. A refund payable on the basis of a joint return shall
3 be issued jointly to the persons who filed the return, except that, if a judgment of
4 divorce under ch. 767 apportions any refund that may be due the formerly married
5 persons to one of the former spouses, or between the spouses, and if they include with
6 their income tax return a copy of that portion of the judgment of divorce that relates
7 to the apportionment of their tax refund, the department shall issue the refund to
8 the person to whom the refund is awarded under the terms of the judgment of divorce
9 or the department shall issue one check to each of the former spouses according to
10 the apportionment terms of the judgment.

11 ***-1689/3.12*** SECTION 1825. 71.84 (2) (a) of the statutes is amended to read:

12 71.84 (2) (a) Except as provided in s. 71.29 (7), in the case of any underpayment
13 of estimated tax under s. 71.29, 71.255 or 71.48 there shall be added to the aggregate
14 tax for the taxable year interest at the rate of 12% per year on the amount of the
15 underpayment for the period of the underpayment. For corporations, except as
16 provided in par. (b), “period of the underpayment” means the time period from the
17 due date of the instalment until either the 15th day of the 3rd month beginning after
18 the end of the taxable year or the date of payment, whichever is earlier. If 90% of the
19 tax shown on the return is not paid by the 15th day of the 3rd month following the
20 close of the taxable year, the difference between that amount and the estimated taxes
21 paid, along with any interest due, shall accrue delinquent interest under s. 71.91 (1)
22 (a).

23 ***-1098/3.25*** SECTION 1826. 71.93 (1) (a) 3. of the statutes is amended to read:

1 71.93 (1) (a) 3. An amount that the department of health and family services
2 may recover under s. 49.45 (2) (a) 10. or 49.497, if the department of health and
3 family services has certified the amount under s. 49.85.

4 ***-2023/1.19*** SECTION 1827. 73.01 (1) (b) of the statutes is amended to read:

5 73.01 (1) (b) ~~“Small claims” is a matter in which~~ “Summary proceeding” means
6 a matter in which the amount in controversy, including any penalty, after the
7 department of revenue takes its final action on the petition for redetermination is
8 less than ~~\$2,500~~ \$100,000 unless the commission on its own motion determines that
9 the case not be heard as a ~~small claims case~~ summary proceeding, or unless the
10 department of revenue ~~determines or a party petitioning for review alleges that the~~
11 case involves a constitutional issue or alleges that the case has statewide
12 significance.

13 ***-2023/1.20*** SECTION 1828. 73.01 (3) (a) of the statutes is amended to read:

14 73.01 (3) (a) ~~The time and place of meetings and hearings~~ Hearings of the
15 commission shall be at times designated by the chairperson ~~and held in any of the~~
16 following cities: Appleton, Eau Claire, LaCrosse, Madison, Milwaukee and Wausau.
17 Rooms for hearings outside the city of Madison shall be provided under s. 73.07. All
18 hearings held in Milwaukee shall be held in the southeast district office of the
19 department of natural resources. The commission shall maintain permanent
20 hearing rooms in Madison.

21 ***-2023/1.21*** SECTION 1829. 73.01 (4) (a) of the statutes is amended to read:

22 73.01 (4) (a) Subject to the provisions for judicial review contained in s. 73.015,
23 the commission shall be the final authority for the hearing and determination of all
24 questions of law and fact arising under sub. (5) and s. 72.86 (4), 1985 stats., and ss.
25 70.11 (21), 70.38 (4) (a), 70.397, 70.64, 70.75, 70.85 and 70.995 (8), s. 76.38 (12) (a),

1 1993 stats., ss. 76.39 (4) (c), 76.48 (6), 76.91, 77.26 (3), 77.59 (6) (b), 78.01, 78.22,
2 78.40, 78.555, 139.02, 139.03, 139.06, 139.31, 139.315, 139.33, 139.76 and 139.78,
3 subch. XIV of ch. 71 and subch. VII of ch. 77. Whenever with respect to a pending
4 appeal there is filed with the commission a stipulation signed by the department of
5 revenue and the adverse party, under s. 73.03 (25), agreeing to an affirmance,
6 modification or reversal of the department's position with respect to some or all of the
7 issues raised in the appeal, the commission shall enter an order affirming or
8 modifying in whole or in part, or canceling the assessment appealed from, or allowing
9 in whole or in part or denying the petitioner's refund claim, as the case may be,
10 pursuant to and in accordance with the stipulation filed. No responsibility shall
11 devolve upon the commission, respecting the signing of an order of dismissal as to
12 any pending appeal settled by the department without the approval of the
13 commission.

14 ***-2023/1.22* SECTION 1830.** 73.01 (4) (am) of the statutes is amended to read:

15 73.01 (4) (am) Whenever it appears to the commission or, in respect to hearings
16 conducted by one commissioner, to that commissioner that proceedings have been
17 instituted or maintained by the taxpayer primarily for delay or that the taxpayer's
18 position in those proceedings is frivolous or groundless, the commission or
19 commissioner may assess the taxpayer an amount not to exceed ~~\$1,000~~ \$5,000 at the
20 same time that the deficiency is assessed. Those damages shall be paid upon notice
21 from the department of revenue and shall be collected as a part of the tax.

22 ***-2023/1.23* SECTION 1831.** 73.01 (4) (b) of the statutes is amended to read:

23 73.01 (4) (b) Any matter required to be heard by the commission may be heard
24 by any member of the commission or its hearing examiner and reported to the
25 commission, and hearings of matters pending before it shall be assigned to members

1 of the commission or its hearing examiner by the chairperson. Unless a majority of
2 the commission decides that the full commission should decide a case, cases other
3 than ~~small claims cases~~ summary proceedings shall be decided by a panel of 3
4 members assigned by the chairperson prior to the hearing. If the parties have agreed
5 to an oral decision, the member or members conducting the hearing may render an
6 oral decision. Hearings shall be open to the public and all proceedings shall be
7 conducted in accordance with rules of practice and procedure prescribed by the
8 commission. ~~Small claims cases, except a commissioner hearing a summary~~
9 ~~proceeding shall have the same discretion as a judge under s. 802.12 (2) to order the~~
10 ~~parties to select a settlement alternative as provided in s. 802.12 (1). Summary~~
11 ~~proceedings~~ shall be decided by one commissioner assigned by the chairperson prior
12 to the hearing.

13 *~~2023/1.24~~* SECTION 1832. 73.01 (4) (dn) of the statutes is amended to read:

14 73.01 (4) (dn) In connection with the hearing of any matter required to be heard
15 and decided by the commission, except appeals arising under s. 70.64 or ch. 76, the
16 chairperson or any member of the commission assigned to hear the matter may, ~~with~~
17 ~~the consent of the parties,~~ render an oral decision. In ~~small claims cases~~ summary
18 proceedings, the presiding commissioner, ~~without consent of the parties, either~~
19 render an oral decision at the close of the hearing or provide a written decision to all
20 parties within 2 weeks after the hearing. Decisions in ~~small claims cases~~ summary
21 proceedings are not precedents. Any party may appeal such oral decision as provided
22 in s. 73.015. Oral decisions constitute notice for purposes of determining the time
23 in which appeals may be taken. Provisions of this section or ch. 227 in conflict with
24 this paragraph do not apply to decisions rendered under this paragraph.

1 ***-2023/1.25* SECTION 1833.** 73.01 (4) (e) (intro.) of the statutes is amended to
2 read:

3 73.01 (4) (e) (intro.) Except as provided in par. (dn), the commission in each case
4 heard by it shall, irrespective of ch. 227, make a decision in writing accompanied by
5 findings of fact and conclusions of law. The commission may issue an opinion in
6 writing in addition to its findings of fact and decision. The decision or order of the
7 commission shall become final and shall be binding upon the petitioner and upon the
8 department of revenue for that case unless an appeal is taken from the decision or
9 order of the commission under s. 73.015. Except in respect to small-claims summary
10 proceedings decisions, if the commission construes a statute adversely to the
11 contention of the department of revenue:

12 ***-1186/3.37* SECTION 1834.** 73.03 (35) of the statutes is amended to read:

13 73.03 (35) To deny a portion of a credit claimed under s. 71.07 (2dd), (2de), (2di),
14 (2dj), (2dL), (2dr), (2ds) or (2dx), 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) or
15 (4) (am) or 71.47 (1dd), (1de), (1di), (1dj), (1dL), (1ds), (1dx) or (4) (am) if granting the
16 full amount claimed would violate the a requirement under s. ~~560.797 (4) (e)~~ 560.785
17 or would bring the total of the credits granted to that claimant under s. ~~560.797 (4)~~
18 ~~(e), or the total of the credits granted to that claimant under~~ all of those subsections,
19 over the limit for that claimant under s. 560.768, 560.795 (2) (b) or 560.797 (5) (b).

20 ***-0424/1.7* SECTION 1835.** 73.03 (56) of the statutes is created to read:

21 73.03 (56) To prepare and submit the report required under s. 66.46 (13).

22 ***-2030/2.2* SECTION 1836.** 73.0305 of the statutes is amended to read:

23 **73.0305 Revenue limits calculations.** The department of revenue shall
24 annually determine and certify to the state superintendent of public instruction, no
25 later than the 4th Monday in June, the allowable rate of increase for the limit

1 imposed under subch. VII of ch. 121 s. 121.91 (2m)(d). For that limit, the allowable
2 rate of increase is the percentage change in the consumer price index for all urban
3 consumers, U.S. city average, between the preceding March 31 and the 2nd
4 preceding March 31, as computed by the federal department of labor.

5 ***-0775/P1.1* SECTION 1837.** 73.09 (4) (c) of the statutes is amended to read:

6 73.09 (4) (c) Recertification is contingent upon submission of a notarized an
7 application for renewal, at least 60 days before the expiration date of the current
8 certificate, attesting to the completion of the requirements specified in par. (b).
9 Persons applying for renewal on the basis of attendance at the meetings called by the
10 department under s. 73.06 (1) and by meeting continuing education requirements
11 shall submit a \$20 recertification fee with their applications. The department may
12 upon good cause, accept an application for renewal up to one year after the expiration
13 of the current certificate if the applicant has complied with the requirements
14 specified in par. (b).

15 ***-0764/P3.1* SECTION 1838.** 73.13 of the statutes is created to read:

16 **73.13 Compromising nondelinquent taxes.** (1) In this section, “tax”
17 means an amount that is owed to this state under s. 66.75 (1m) (f) 3. or ch. 71, 72,
18 76, 77, 78 or 139, that is not delinquent, and any addition to tax, interest, penalties,
19 costs or other liability in respect to those amounts.

20 (2) Any taxpayer may petition the department of revenue to compromise the
21 taxpayer’s taxes including the costs, penalties and interest. The petition shall set
22 forth a sworn statement of the taxpayer and shall be in a form that the department
23 prescribes. The department may examine the petitioner under oath concerning the
24 matter and may require the taxpayer to provide the department with financial
25 statements and any other information requested by the department that is related

1 to the petition. If the department finds that the taxpayer is unable to pay the taxes,
2 costs, penalties and interest in full, the department shall determine the amount that
3 the taxpayer is able to pay and shall enter an order reducing the taxes, costs,
4 penalties and interest in accordance with the determination. The order shall provide
5 that the compromise is effective only if paid within 10 days of the date on which the
6 order is issued. The department or its collection agents, upon receipt of the order,
7 shall accept payment in accordance with the order. Upon payment the department
8 shall credit the unpaid portion of the principal amount of the taxes and make
9 appropriate record of the unpaid amount of penalties, costs, and interest accrued to
10 the date of the order. If within 3 years of the date of the compromise order the
11 department ascertains that the taxpayer has an income or property sufficient to
12 enable the taxpayer to pay the remainder of the tax including costs, penalties and
13 interest, the department shall reopen the matter and order the payment in full of the
14 taxes, costs, penalties and interest. Before the entry of the order, a written notice
15 shall be given to the taxpayer advising of the intention of the department to reopen
16 the matter and fixing a time and place for the appearance of the taxpayer if the
17 taxpayer desires a hearing. Upon entry of the order the department shall make an
18 appropriate record of the principal amount of the taxes, penalties, costs and interest
19 ordered to be paid. Such taxes shall be immediately due and payable and shall
20 thereafter be subject to the interest provided by s. 71.82 (2), as that subsection
21 applies to delinquent income and franchise taxes under s. 71.82, and to the
22 delinquent account fee described in s. 73.03 (33m), and the department shall
23 immediately proceed to collect the taxes together with the unpaid portion of
24 penalties, costs, and interest accrued to the date of the compromise order and the fee
25 described in s. 73.03 (33m).

1 ***-0769/P1.1* SECTION 1839.** 74.41 (1) (intro.) of the statutes is amended to
2 read:

3 74.41 (1) SUBMISSION OF REFUNDED OR RESCINDED TAXES TO DEPARTMENT. (intro.)
4 By ~~October 1~~ September 15 of each year, the clerk of a taxation district may submit
5 to the department of revenue, on a form prescribed by the department of revenue, a
6 listing of all general property taxes on the district's tax roll which, subject to sub. (2),
7 meet any of the following conditions:

8 ***-1431/2.1* SECTION 1840.** 75.105 (3) of the statutes is amended to read:

9 75.105 (3) ADMINISTRATION. Upon the cancellation of all or a portion of real
10 property taxes under sub. (2), the county treasurer shall execute and provide to the
11 owner of the property a statement identifying the property for which taxes have been
12 canceled and shall enter on the tax certificate the date upon which the taxes were
13 canceled and the amount of taxes canceled. The county treasurer shall charge back
14 to the taxation district that included the tax-delinquent real property on its tax roll
15 any or all of the amount of taxes canceled and shall include the amount of taxes
16 canceled as a special charge in the next tax levy against the taxation district.

17 ***-1005/P4.1* SECTION 1841.** 75.17 of the statutes is created to read:

18 **75.17 Transfer of contaminated land to a municipality.** (1) In this
19 section:

20 (a) "Hazardous substance" has the meaning given in s. 292.01 (5).

21 (b) "Municipality" means a city, village or town.

22 (2) If a county does not take a tax deed for property that is subject to a tax
23 certificate and that is contaminated by a hazardous substance, within 2 years after
24 the expiration of the redemption period that is described under s. 75.14 (1) and
25 specified in s. 74.57 (2) (a) and (b) (intro.), the county shall take a tax deed for such

1 property upon receiving a written request to do so from the municipality in which the
2 property is located. The county may then retain ownership of the property or, if the
3 county does not wish to retain ownership of the property, the county shall transfer
4 ownership of the property to the municipality, for no consideration, within 180 days
5 after receiving the written request from the municipality.

6 ***-0756/P2.1* SECTION 1842.** 76.025 (1) of the statutes is amended to read:

7 76.025 (1) The property taxable under s. 76.13 shall include all franchises, and
8 all real and personal property of the company used or employed in the operation of
9 its business, ~~except excluding property that is exempt from the property tax under~~
10 s. 70.11 (39), such motor vehicles as are exempt under s. 70.112 (5) and treatment
11 plant and pollution abatement equipment exempt under s. 70.11 (21) (a). The
12 taxable property shall include all title and interest of the company referred to in such
13 property as owner, lessee or otherwise, and in case any portion of the property is
14 jointly used by 2 or more companies, the unit assessment shall include and cover a
15 proportionate share of that portion of the property jointly used so that the
16 assessments of the property of all companies having any rights, title or interest of
17 any kind or nature whatsoever in any such property jointly used shall, in the
18 aggregate, include only one total full value of such property.

19 ***-0756/P2.2* SECTION 1843.** 76.03 (1) of the statutes is amended to read:

20 76.03 (1) The property, both real and personal, including all rights, franchises
21 and privileges used in and necessary to the prosecution of the business ~~and including~~
22 ~~property that is exempt from the property tax under s. 70.11 (39)~~ of any company
23 enumerated in s. 76.02 shall be deemed personal property for the purposes of
24 taxation, and shall be valued and assessed together as a unit.

25 ***-0778/P1.1* SECTION 1844.** 76.39 (2) of the statutes is amended to read:

1 76.39 (2) There is levied annually a gross earnings tax in lieu of all property
2 taxes on the car line equipment of a car line company equal to ~~3%~~ 2.5% of the gross
3 earnings in this state. Every railroad company operating in this state shall, upon
4 making payment to each car line company for use of its cars, withhold ~~3%~~ 2.5% of the
5 amount constituting the gross earnings in this state of such car line company.

6 *~~0623/P3.1~~* SECTION 1845. 77.25 (21) of the statutes is created to read:

7 77.25 (21) Of a time-share property, as defined in s. 707.02 (32).

8 *~~0623/P3.2~~* SECTION 1846. 77.255 of the statutes is amended to read:

9 **77.255 Exemptions from return.** No return is required with respect to
10 conveyances exempt under s. 77.25 (1), (2r), (4) ~~or~~, (11) or (21) from the fee imposed
11 under s. 77.22. No return is required with respect to conveyances exempt under s.
12 77.25 (2) unless the transferor is also a lender for the transaction.

13 *~~0623/P3.3~~* SECTION 1847. 77.51 (4) (c) 6. of the statutes is amended to read:

14 77.51 (4) (c) 6. Charges associated with time-share property that is taxable,
15 or that at the time of the charges would be taxable, under s. 77.52 (2) (a) 1. or 2.

16 *~~0623/P3.4~~* SECTION 1848. 77.52 (2) (a) 1. of the statutes is amended to read:

17 77.52 (2) (a) 1. The furnishing of rooms or lodging to transients by hotelkeepers,
18 motel operators and other persons furnishing accommodations that are available to
19 the public, irrespective of whether membership is required for use of the
20 accommodations, including the furnishing of rooms or lodging through the sale of a
21 time-share property, as defined in s. 707.02 (32), ~~if the use of the rooms or lodging~~
22 ~~is not fixed at the time of sale as to the starting day or the lodging unit.~~ In this
23 subdivision, “transient” means any person residing for a continuous period of less
24 than one month in a hotel, motel or other furnished accommodations available to the
25 public. In this subdivision, “hotel” or “motel” means a building or group of buildings

1 in which the public may obtain accommodations for a consideration, including,
2 without limitation, such establishments as inns, motels, tourist homes, tourist
3 houses or courts, lodging houses, rooming houses, summer camps, apartment hotels,
4 resort lodges and cabins and any other building or group of buildings in which
5 accommodations are available to the public, except accommodations, including
6 mobile homes as defined in s. 66.058 (1) (d), rented for a continuous period of more
7 than one month and accommodations furnished by any hospitals, sanatoriums, or
8 nursing homes, or by corporations or associations organized and operated
9 exclusively for religious, charitable or educational purposes provided that no part of
10 the net earnings of such corporations and associations inures to the benefit of any
11 private shareholder or individual. In this subdivision, "one month" means a calendar
12 month or 30 days, whichever is less, counting the first day of the rental and not
13 counting the last day of the rental.

****NOTE: The qualifier that is stricken is part of an inclusion statement, not in the
basic coverage of the statute. By cross-referencing s. 707.02 (32), it does not include
time-share property with fewer than 4 periods or over less than 4 years. Does the main
phrase include time-share property with fewer than 4 periods or over less than 4 years?

14 *~~0622/P2.1~~* SECTION 1849. 77.60 (2) (intro.) of the statutes is amended to
15 read:

16 77.60 (2) (intro.) Delinquent sales and use tax returns shall be subject to a \$10
17 \$30 late filing fee unless the return was not timely filed because of the death of the
18 person required to file or unless the return was not timely filed ~~because of a~~
19 ~~reasonable~~ due to good cause and not ~~because of~~ due to neglect. The fee shall not
20 apply if the department has failed to issue a seller's permit or a use tax registration
21 within 30 days of the receipt of an application for a seller's permit or use tax
22 registration accompanied by the fee established under s. 73.03 (50), if the person does
23 not hold a valid certificate under s. 73.03 (50), and the security required under s.

1 77.61 (2) has not been placed with the department. Delinquent sales and use taxes
2 shall bear interest at the rate of 1.5% per month until paid. The taxes imposed by
3 this subchapter shall become delinquent if not paid:

4 ***-1672/3.2*** **SECTION 1850.** 77.76 (3) of the statutes is amended to read:

5 77.76 (3) From the appropriation under s. 20.835 (4) (g) the department shall
6 distribute ~~98.5%~~ 98.25% of the county taxes reported for each enacting county, minus
7 the county portion of the retailers' discounts, to the county and shall indicate the
8 taxes reported by each taxpayer, no later than the end of the 3rd month following the
9 end of the calendar quarter in which such amounts were reported. In this subsection,
10 the "county portion of the retailers' discount" is the amount determined by
11 multiplying the total retailers' discount by a fraction the numerator of which is the
12 gross county sales and use taxes payable and the denominator of which is the sum
13 of the gross state and county sales and use taxes payable. The county taxes
14 distributed shall be increased or decreased to reflect subsequent refunds, audit
15 adjustments and all other adjustments of the county taxes previously distributed.
16 Interest paid on refunds of county sales and use taxes shall be paid from the
17 appropriation under s. 20.835 (4) (g) at the rate paid by this state under s. 77.60 (1)
18 (a). The county may retain the amount it receives or it may distribute all or a portion
19 of the amount it receives to the towns, villages, cities and school districts in the
20 county. Any county receiving a report under this subsection is subject to the duties
21 of confidentiality to which the department of revenue is subject under s. 77.61 (5).

22 ***-1672/3.3*** **SECTION 1851.** 77.76 (4) of the statutes is amended to read:

23 77.76 (4) There shall be retained by the state 1.5% of the taxes collected ~~under~~
24 this subchapter for taxes imposed by special districts under s. 77.705 and 1.75% of
25 the taxes collected for taxes imposed by counties under s. 77.70 to cover costs

1 incurred by the state in administering, enforcing and collecting the tax. All interest
2 and penalties collected shall be deposited and retained by this state in the general
3 fund.

4 ***-1490/2.1* SECTION 1852.** 77.996 (2) (i) of the statutes is created to read:

5 77.996 (2) (i) Formal wear rental firms.

6 ***-1585/P2.4* SECTION 1853.** 84.106 of the statutes is created to read:

7 **84.106 Scenic byways program.** (1) DESIGNATION. The department shall
8 develop, implement and administer a program to designate highways, as defined in
9 s. 340.01 (22), or portions of highways in this state that have outstanding scenic,
10 historic, cultural, natural, recreational or archeological qualities as scenic byways.
11 The department may seek designation by the federal government of a highway
12 designated as a scenic byway under this section as a national scenic byway or as an
13 All-American Road.

14 (2) RULES. The department shall promulgate rules under this section
15 consistent with 23 USC 162 and regulations established under that section.

16 ***-0305/P2.1* SECTION 1854.** 84.30 (2m) of the statutes is created to read:

17 84.30 (2m) CONDITIONAL USES AND SPECIAL EXCEPTIONS NOT CONSIDERED. No uses
18 of real property that are authorized by special zoning permission, including uses by
19 conditional use, special exception, zoning variance or conditional permit, may be
20 considered when determining whether the area is a business area.

21 ***-1024/P1.1* SECTION 1855.** 84.30 (3) (c) (intro.) of the statutes is amended to
22 read:

23 84.30 (3) (c) (intro.) Signs advertising activities conducted on the property on
24 which they are located if such on-property signs comply with applicable federal law
25 and the June 1961 agreement between the department and the federal highway

1 administrator relative to control of advertising adjacent to interstate highways.
2 ~~Additionally, any such sign located outside the incorporated area of a city or village~~
3 ~~shall comply with the following criteria~~ No on-property sign may be erected in a
4 location where it constitutes a traffic hazard. If the department issues permits for
5 outdoor advertising signs, the department is not required to issue permits for
6 on-property signs that conform to the requirements of this paragraph. On-property
7 signs may be illuminated, subject to the following restrictions:

8 *~~1024/P1.2~~* **SECTION 1856.** 84.30 (3) (c) 1. to 3. of the statutes are repealed
9 and recreated to read:

10 84.30 (3) (c) 1. Signs which contain, include or are illuminated by any flashing,
11 intermittent or moving light or lights are prohibited, except electronic signs
12 permitted by rule of the department.

13 2. Signs which are not effectively shielded as to prevent beams or rays of light
14 from being directed at any portion of the traveled ways of the interstate or
15 federal-aid primary highway and which are of such intensity or brilliance as to cause
16 glare or to impair the vision of the driver of any motor vehicle, or which otherwise
17 interfere with any driver's operation of a motor vehicle, are prohibited.

18 3. No sign may be so illuminated that it interferes with the effectiveness of or
19 obscures an official traffic sign, device or signal.

20 *~~1024/P1.3~~* **SECTION 1857.** 84.30 (3) (c) 5. of the statutes is repealed.

21 *~~1432/5.47~~* **SECTION 1858.** 84.59 (2) of the statutes is amended to read:

22 84.59 (2) The department may, under s. ~~18.56~~ 18.561 (5) and (9) (j) or 18.562
23 (3) and (5) (e), deposit in a separate and distinct fund outside the state treasury, in
24 an account maintained by a trustee, revenues derived under s. 341.25. The revenues
25 deposited are the trustee's revenues in accordance with the agreement between this

1 state and the trustee or in accordance with the resolution pledging the revenues to
2 the repayment of revenue obligations issued under this section.

3 ***-1014/2.1* SECTION 1859.** 84.59 (6) of the statutes is amended to read:

4 84.59 (6) ~~Revenue obligations may be contracted by the~~ The building
5 commission may contract revenue obligations when it reasonably appears to the
6 building commission that all obligations incurred under this section can be fully paid
7 from moneys received or anticipated and pledged to be received on a timely basis.
8 Revenue Except as provided in this subsection, the principal amount of revenue
9 obligations issued under this section shall may not exceed \$1,348,058,900 in
10 principal amount, excluding obligations issued to refund outstanding revenue
11 obligations. Not more than \$1,255,499,900 of the \$1,348,058,900 may
12 \$1,435,165,900 and may be used for transportation facilities under s. 84.01 (28) and
13 major highway projects under ss. 84.06 and 84.09. In addition to the foregoing limit
14 on principal amount, the building commission may contract revenue obligations
15 under this section as the building commission determines is desirable to refund
16 outstanding revenue obligations contracted under this section and to pay expenses
17 associated with revenue obligations contracted under this section.

18 ***-1454/1.1* SECTION 1860.** 85.02 of the statutes is renumbered 85.02 (1).

19 ***-1454/1.2* SECTION 1861.** 85.02 (2) of the statutes is created to read:

20 85.02 (2) The department may assist or coordinate highway corridor land use
21 planning that identifies future land uses, use densities and site layouts that are
22 appropriate to land adjacent to a highway and that maintain the safety and function
23 of the highway. The department may assist or coordinate information activities
24 related to highway project development.

25 ***-1454/1.3* SECTION 1862.** 85.022 (1) (n) of the statutes is created to read:

1 85.022 (1) (n) Land use issues relating to transportation.

2 ***-1016/P1.1*** **SECTION 1863.** 85.024 (2) of the statutes is amended to read:

3 85.024 (2) The department shall administer a bicycle and pedestrian facilities
4 program to award grants of assistance to political subdivisions for the planning,
5 development or construction of bicycle and pedestrian facilities. ~~Annually, the~~ The
6 department shall award from the appropriation under s. 20.395 (2) (nx) grants to
7 political subdivisions under this section. A political subdivision that is awarded a
8 grant under this section shall contribute matching funds equal to at least 25% of the
9 amount awarded under this section. ~~The department shall select grant recipients~~
10 ~~annually beginning in 1994 from applications submitted to the department on or~~
11 ~~before April 1 of each year.~~

12 ***-1887/P1.1*** **SECTION 1864.** 85.08 (4m) (h) of the statutes is created to read:

13 85.08 (4m) (h) *Interest rate.* The department, by rule, shall establish the rate
14 of interest applicable to loans under this subsection.

15 ***-0169/P3.3*** **SECTION 1865.** 85.12 (3) of the statutes is created to read:

16 85.12 (3) The department may contract with any local governmental unit, as
17 defined in s. 16.97 (7), to provide that local governmental unit with services under
18 this section.

19 ***-1615/P2.1*** **SECTION 1866.** 85.135 of the statutes is created to read:

20 **85.135 Fees for certain court orders suspending or revoking an**
21 **operating privilege.** The department shall, by rule, develop and implement a
22 system for charging circuit courts and municipal courts for each order of the court
23 suspending or revoking an operating privilege under s. 345.47 (1), 800.09 (1) (c),
24 800.095 (4) (b) 4., 938.17 (2) (d), 938.34 (8) or 938.343 (2) solely for failure to pay a
25 forfeiture imposed for violating an ordinance that is unrelated to the violator's

1 operation of a motor vehicle. The amount of the fee may not exceed the cost of
2 processing the order. The department may not process an order of a court suspending
3 or revoking an operating privilege under s. 345.47 (1), 800.09 (1) (c), 800.095 (4) (b)
4 4., 938.17 (2) (d), 938.34 (8) or 938.343 (2) until the court has paid the fee required
5 under this section, if any, to the department.

6 ***-0887/1.2* SECTION 1867.** 85.20 (1) (g) of the statutes is amended to read:

7 85.20 (1) (g) “Operating expenses” mean costs accruing to an urban mass
8 transit system by virtue of its operations, including costs to subsidize fares paid by
9 disabled persons for transportation within the urban area of the eligible applicant,
10 and maintenance. For a publicly owned system, operating expenses do not include
11 profit, return on investment or depreciation as costs. If a local public body contracts
12 for the services of a privately owned system on the basis of competitive bids,
13 operating expenses may include as costs depreciation on the facilities and equipment
14 that the privately owned system acquired without benefit of public financial
15 assistance, profit and return on investment. If a local public body contracts for the
16 services of a privately owned system on the basis of negotiated procurement,
17 operating expenses may include as costs depreciation on the facilities and equipment
18 that the privately owned system acquired without benefit of public financial
19 assistance. In an urban area which is served exclusively by shared-ride taxicab
20 systems, operating expenses may include costs to subsidize reasonable fares paid by
21 all users for transportation within the urban area of the eligible applicant.

22 ***-0887/1.3* SECTION 1868.** 85.20 (3) (cr) of the statutes is amended to read:

23 85.20 (3) (cr) To conduct a management performance audit of all urban mass
24 transit systems participating in the program at least once every 5 years. If a
25 management performance audit is required of all urban mass transit systems

1 participating in the program, an eligible applicant served exclusively by a
2 shared-ride taxicab system may be exempted from an audit if the eligible applicant
3 voluntarily complies with s. 85.20 (4m) (b).

4 *~~0887/1.4~~* **SECTION 1869.** 85.20 (4m) (a) (intro.) of the statutes is amended
5 to read:

6 85.20 (4m) (a) (intro.) ~~An amount shall be allocated~~ Except as provided in s.
7 85.20 (4m) (b) 2., the department shall allocate to each eligible applicant ~~to ensure~~
8 ~~that the sum of state and federal aids for the projected operating expenses of each~~
9 ~~eligible applicant's urban mass transit system is~~ an amount equal to a uniform
10 percentage, established by the department, of the projected operating expenses of
11 the each eligible applicant's urban mass transit system for the calendar year. The
12 department shall make allocations as follows:

13 *~~0887/1.5~~* **SECTION 1870.** 85.20 (4m) (a) 1., 2., 3., 4. and 5. of the statutes are
14 repealed.

15 *~~0887/1.6~~* **SECTION 1871.** 85.20 (4m) (a) 6. b. of the statutes is amended to
16 read:

17 85.20 (4m) (a) 6. b. For the purpose of making allocations under subd. 6. a., the
18 amounts for aids are ~~\$60,984,900 in calendar year 1998 and \$63,119,300 in calendar~~
19 ~~year 1999~~ \$65,012,900 in calendar year 2000 and thereafter. These amounts,
20 to the extent practicable, shall be used to determine the uniform percentage in the
21 particular calendar year.

22 *~~0887/1.7~~* **SECTION 1872.** 85.20 (4m) (a) 6. c. of the statutes is created to read:

23 85.20 (4m) (a) 6. c. The sum of state aids allocated under this section and
24 federal mass transit aids provided for the projected operating expenses of an urban
25 mass transit system that has annual operating expenses in excess of \$20,000,000

1 may not exceed 50% of the sum of the projected operating expenses of the urban mass
2 transit system. Only federal mass transit aid that the federal government provides
3 directly to the eligible applicant or to the urbanized area served by the mass transit
4 system or that the department allocates under this section may be counted under
5 this subd. 6. c.

6 ***-0887/1.8* SECTION 1873.** 85.20 (4m) (a) 7. a. of the statutes is amended to
7 read:

8 85.20 (4m) (a) 7. a. From the appropriation under s. 20.395 (1) (hr), the uniform
9 percentage for each eligible applicant served by an urban mass transit system
10 operating within an urban area having a population as shown in the 1990 federal
11 decennial census of at least 50,000 or receiving federal mass transit aid for such area,
12 and not specified in subd. 6. This subd. 7. a. does not apply after December 31, 1999.

13 ***-0887/1.9* SECTION 1874.** 85.20 (4m) (a) 7. b. of the statutes is amended to
14 read:

15 85.20 (4m) (a) 7. b. For the purpose of making allocations under subd. 7. a., the
16 amounts for aids are \$17,799,600 in calendar year 1998 and \$18,422,500 in calendar
17 year 1999 ~~and thereafter~~. These amounts, to the extent practicable, shall be used to
18 determine the uniform percentage in the particular calendar year.

19 ***-0887/1.10* SECTION 1875.** 85.20 (4m) (a) 7m. of the statutes is created to
20 read:

21 85.20 (4m) (a) 7m. a. Beginning on January 1, 2000, from the appropriation
22 under s. 20.395 (1) (hr), the uniform percentage determined by the department for
23 each eligible applicant not described in subd. 6. In allocating state aid under this
24 subdivision, the department shall determine the amount of federal aid available for
25 operating expenses. If the department determines that federal aid is available for

1 an eligible applicant's operating expenses, the department may require the eligible
2 applicant to accept that federal aid as a condition of receiving state aid under this
3 section.

4 b. Except as provided in subd. 7m. c., for the purpose of making allocations
5 under subd. 7m. a., the amounts for aids are \$24,100,400 in calendar year 2000 and
6 thereafter. These amounts, to the extent practicable, shall be used to determine the
7 uniform percentage in the particular calendar year. Except as provided in subd. 7m.
8 c., the sum of state aid and federal aid allocated under this section to an eligible
9 applicant may not exceed 65% of an eligible applicant's projected operating expenses.

10 c. For an eligible applicant served by a mass transit system operating within
11 an urbanized area that has a population, as shown in the 1990 federal decennial
12 census, of 50,000 or more or that is eligible for only federal mass transit aid for such
13 areas, the sum of state aid and federal aid allocated under this section for calendar
14 years 2000 and 2001 may not exceed 60% of the projected operating expenses. For
15 an eligible applicant served by a mass transit system that operates both partly
16 within an urbanized area that has a population of 50,000 or more, as shown in the
17 1990 federal decennial census, or that is eligible for federal mass transit aid for
18 urbanized areas having that population and that operates partly in areas other than
19 urbanized areas and is eligible for federal mass transit aid for providing service to
20 those other areas, the sum of state aid and federal aid allocated under this section
21 for the portion of the projected operating expenses of the eligible applicant's mass
22 transit system associated with service within an urbanized area or eligible for
23 federal mass transit aid for service within urbanized areas may not exceed 60% of
24 the projected operating expenses of that service for calendar years 2000 and 2001.
25 This subd. 7m. c. does not apply after December 31, 2001.

1 *~~0887/1.11~~* SECTION 1876. 85.20 (4m) (a) 8. a. of the statutes is amended to
2 read:

3 85.20 (4m) (a) 8. a. From the appropriation under s. 20.395 (1) (hs), the uniform
4 percentage for each eligible applicant served by an urban mass transit system
5 operating within an area having a population as shown in the 1990 federal decennial
6 census of less than 50,000 or receiving federal mass transit aid for such area. This
7 subd. 8. a. does not apply after December 31, 1999.

8 *~~0887/1.12~~* SECTION 1877. 85.20 (4m) (a) 8. b. of the statutes is amended to
9 read:

10 85.20 (4m) (a) 8. b. For the purpose of making allocations under subd. 8. a., the
11 amounts for aids are \$4,807,600 in calendar year 1998 and \$4,975,900 in calendar
12 year 1999 ~~and thereafter~~. These amounts, to the extent practicable, shall be used to
13 determine the uniform percentage in the particular calendar year.

14 *~~0887/1.13~~* SECTION 1878. 85.20 (4m) (b) 1. of the statutes is amended to
15 read:

16 85.20 (4m) (b) 1. Except as provided in subd. 2., each eligible applicant shall
17 provide a local contribution, exclusive of user fees, toward operating expenses in an
18 amount equal to at least ~~20% of state aid allocations to that eligible applicant under~~
19 this section 10% of the eligible applicant's operating expenses.

20 *~~0887/1.14~~* SECTION 1879. 85.20 (4m) (b) 2. of the statutes is amended to
21 read:

22 85.20 (4m) (b) 2. ~~Subdivision 1. does not apply to an~~ Except as provided in this
23 subdivision, an eligible applicant that is served exclusively by a shared-ride taxicab
24 system is not required to meet the requirements of subd. 1. For calendar year 2000,
25 the department may not increase the amount of state aid allocated under this section

1 to an eligible applicant that is served exclusively by a shared-ride taxicab system
2 beyond the amount allocated to that eligible applicant for calendar year 1999, unless
3 the eligible applicant provides a local contribution, exclusive of user fees, toward
4 operating expenses in an amount equal to at least 5% of the eligible applicant's
5 operating expenses. Beginning with calendar year 2001, the department may not
6 increase the amount of state aid allocated under this section to an eligible applicant
7 that is served exclusively by a shared-ride taxicab system beyond the amount
8 allocated to that eligible applicant during the preceding calendar year, unless the
9 eligible applicant complies with the requirements of subd. 1. This subdivision does
10 not prohibit the department from allocating aid under this section to an eligible
11 applicant served exclusively by a shared-ride taxicab system in its first year of
12 service.

13 ***-0887/1.15*** SECTION 1880. 85.20 (4m) (em) 3. of the statutes is amended to
14 read:

15 85.20 (4m) (em) 3. Five times the amount of an eligible applicant's required
16 local contribution under par. (b) 1. This subdivision does not apply after December
17 31, 1999.

18 ***-0887/1.16*** SECTION 1881. 85.20 (6) (c) of the statutes is created to read:

19 85.20 (6) (c) Disclose to the department the amount of federal aid over which
20 the eligible applicant has spending discretion and that the eligible applicant intends
21 to apply towards operating expenses for a calendar year.

22 ***-0887/1.17*** SECTION 1882. 85.20 (6) (d) of the statutes is created to read:

23 85.20 (6) (d) Accept federal aid, if directed by the department to accept that aid.
24 This paragraph applies only to eligible applicants described in sub. (4m) (a) 7m.

1 ***-0886/P1.1*** SECTION 1883. 85.22 (2) (am) (intro.) of the statutes is amended
2 to read:

3 85.22 (2) (am) (intro.) “Eligible applicant” means any applicant that meets
4 eligibility requirements for federal assistance under 49 USC Appendix 1612 (b) (2)
5 and is one of the following:

6 ***-0886/P1.2*** SECTION 1884. 85.22 (4) of the statutes is renumbered 85.22 (4)
7 (a) (intro.) and amended to read:

8 85.22 (4) (a) (intro.) Commencing with the highest ranked application and to
9 the extent that state moneys are available, the department shall offer to each eligible
10 applicant an amount of state aid such that the sum of federal and state aid received
11 by an applicant does not exceed 80% any of the following:

12 1. The percentage, specified by the department by rule, of the estimated capital
13 project costs.

14 (b) State aids available under this section shall not be available for operating
15 purposes.

16 ***-0886/P1.3*** SECTION 1885. 85.22 (4) (a) 2. of the statutes is created to read:
17 85.22 (4) (a) 2. For the specific type or category of capital equipment for which
18 aid is paid, the percentage of the estimated capital costs that are eligible for federal
19 aid.

20 ***-1055/P2.2*** SECTION 1886. 85.50 of the statutes is repealed.

21 ***-0120/P2.1*** SECTION 1887. 85.515 of the statutes, as created by 1997
22 Wisconsin Act 84, is amended to read:

23 **85.515 Implementation of 1997 Wisconsin Act 84.** If the secretary
24 determines that the changes to the department’s computerized information systems
25 made necessary by 1997 Wisconsin Act 84 will be operational before May 1, 2000

1 2001, the secretary shall publish a notice in the Wisconsin Administrative Register
2 that states the date on which the changes to the department's computerized
3 information system will begin operating, and that ~~the~~ clearly states which portion
4 of revisions to the operator's license suspension and revocation law made by 1997
5 Wisconsin Act 84 will become effective on that date.

6 *~~1432/5.48~~* **SECTION 1888.** 85.52 (5) (c) of the statutes is amended to read:

7 85.52 (5) (c) The department of administration may, under s. ~~18.56~~ 18.561 (5)
8 and (9) (j) or 18.562 (3) and (5) (e), deposit in a separate and distinct fund in the state
9 treasury or in an account maintained by a trustee outside the state treasury, any
10 portion of the revenues derived under s. 25.405 (2). The revenues deposited with a
11 trustee outside the state treasury are the trustee's revenues in accordance with the
12 agreement between this state and the trustee or in accordance with the resolution
13 pledging the revenues to the repayment of revenue obligations issued under this
14 subsection.

15 *~~0881/P2.1~~* **SECTION 1889.** 86.30 (2) (a) 1. of the statutes is amended to read:

16 86.30 (2) (a) 1. Except as provided in pars. (b), (d) and (dm) and s. 86.303, the
17 amount of transportation aids payable by the department to each county shall be the
18 aids amount calculated under subd. 2. and to each municipality shall be the aids
19 amount calculated under subd. 2. or 3., whichever is greater. If the amounts
20 calculated for a municipality under subd. 2. or 3. are the same, transportation aids
21 to that municipality shall be paid under subd. 2.

 ****NOTE: Do you really want the amounts to be the same? Or do you want aids
 payable under subd. 2. if the amounts calculated under subd. 2. or 3. are within a specified
 range, say \$100? It seems unlikely that the amounts calculated will ever be the same.

22 *~~0881/P2.2~~* **SECTION 1890.** 86.30 (2) (a) 3. f. of the statutes is repealed.

1 ***-0881/P2.3*** SECTION 1891. 86.30 (2) (a) 3. g. of the statutes is amended to
2 read:

3 86.30 (2) (a) 3. g. In calendar ~~year~~ years 1998 and ~~thereafter~~ 1999, \$1,596.

4 ***-0881/P2.4*** SECTION 1892. 86.30 (2) (a) 3. h. of the statutes is created to read:
5 86.30 (2) (a) 3. h. In calendar year 2000 and thereafter, \$1,644.

6 ***-0883/P1.1*** SECTION 1893. 86.30 (2) (b) 1. of the statutes is amended to read:
7 86.30 (2) (b) 1. Except as provided under par. (d) and s. 86.303 (5), no
8 municipality whose aid is determined under par. (a) 2. may receive an increase in its
9 annual transportation aid payment in excess of 15% of its last previous calendar year
10 aid payment or a decrease in its annual transportation aid payment in excess of ~~5%~~
11 2% of its last previous calendar year transportation aid payment.

12 ***-0883/P1.2*** SECTION 1894. 86.30 (2) (b) 1g. of the statutes is amended to read:
13 86.30 (2) (b) 1g. Except as provided under par. (d) and s. 86.303 (5), no
14 municipality whose aid is determined under par. (a) 3. may receive a decrease in its
15 annual transportation aid payment in excess of ~~5%~~ 2% of its last previous calendar
16 year transportation aid payment.

17 ***-0881/P2.5*** SECTION 1895. 86.30 (9) (b) of the statutes is amended to read:
18 86.30 (9) (b) For the purpose of calculating and distributing aids under sub. (2),
19 the amounts for aids to counties are ~~\$70,644,200 in calendar year 1997 and~~
20 ~~\$78,744,300 in calendar year~~ years 1998 and 1999 and \$81,106,600 in calendar year
21 2000 and thereafter. These amounts, to the extent practicable, shall be used to
22 determine the statewide county average cost-sharing percentage in the particular
23 calendar year.

24 ***-0881/P2.6*** SECTION 1896. 86.30 (9) (c) of the statutes is amended to read:

1 86.30 (9) (c) For the purpose of calculating and distributing aids under sub. (2),
2 the amounts for aids to municipalities are ~~\$222,255,300 in calendar year 1997 and~~
3 ~~\$247,739,100 in calendar year~~ years 1998 and 1999 and \$254,784,900 in calendar
4 year 2000 and thereafter. These amounts, to the extent practicable, shall be used to
5 determine the statewide municipal average cost-sharing percentage in the
6 particular calendar year.

7 *~~0884/1.1~~* **SECTION 1897.** 86.302 (title) of the statutes is repealed and
8 recreated to read:

9 **86.302 (title) Local roads; inventory and assessment.**

10 *~~0884/1.2~~* **SECTION 1898.** 86.302 (1) of the statutes is renumbered 86.302 (1g)
11 and amended to read:

12 86.302 (1g) Except as provided in sub. (1m), beginning on January 1, 2001, the
13 board of every town, village and county, and the governing body of every city, shall
14 file with the department ~~and with the county clerk~~ not later than December 15 of
15 every odd-numbered year, a certified plat of ~~such town, village, city~~ the municipality
16 or county showing the ~~roads and streets~~ highways under ~~their~~ its jurisdiction and the
17 mileage thereof to be open and used for travel as of the succeeding January 1, ~~which~~
18 ~~may be used by the.~~ The department may use the plats in making computations of
19 transportation aids. One-half of the mileage of ~~roads or streets~~ highways on
20 boundary lines shall be considered as lying in each ~~town, village, city~~ municipality
21 or county.

22 *~~0884/1.3~~* **SECTION 1899.** 86.302 (1d) of the statutes is created to read:

23 86.302 (1d) (a) “Highway” has the meaning given in s. 340.01 (22).

24 (b) “Municipality” means a city, village or town.